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Supervision

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Chapter 1A

The FCA's approach to supervision
1A.1  Application and purpose

Application

1A.1.1  This chapter applies to every firm, except that its relevance for an ICVC is limited as the FCA does not intend to carry out an assessment of an ICVC that is specific to that ICVC.

Purpose

1A.1.2  The Act (section 1L) requires the FCA to "maintain arrangements for supervising authorised persons". Section 1K of the Act also requires the FCA to provide general guidance about how it intends to advance its operational objectives in discharging its general functions in relation to different categories of authorised person or regulated activity. One purpose of this guidance is to discharge the duties of the FCA set out in sections 1L and 1K of the Act. The FCA’s approach to supervision is also designed to enable it to meet its supervisory obligations in accordance with EU legislation, where applicable, including in relation to requirements arising otherwise than under the Act (for example, directly applicable EU regulations).

1A.1.3  The design of these arrangements is shaped by the FCA’s statutory objectives in relation to the conduct supervision of firms as well as the prudential supervision of firms not supervised by the PRA. These objectives are set out in Chapter 1 of the Act. The FCA has one strategic objective: ensuring that the relevant markets function well. In discharging its general functions, the FCA must, so far as is reasonably possible, act in a way which is compatible with its strategic objective and which advances one or more of its three operational objectives:

1. securing an appropriate degree of protection for consumers;
2. protecting and enhancing the integrity of the UK financial system; and
3. promoting effective competition in the interests of consumers in the markets for regulated financial services (or services provided by a recognised exchange in carrying on regulated activities in respect of which it is exempt from the general prohibition by virtue of section 285(2) of the Act).

1A.1.3A (1) The meaning of “UK financial system” when used in Chapter 1 of the Act includes regulated claims management activities.
(2) The term “regulated financial services” when used in Chapter 1 of the Act includes services provided by an authorised person in carrying on any regulated activity. Accordingly, for the purposes of Chapter 1 of the Act, a regulated claims management activity is a “regulated financial service” and a customer of a firm carrying on a regulated claims management activity is a “consumer” for the purposes of the FCA’s consumer protection and competition statutory objectives.

(1) In designing its approach to supervision, the FCA has regard to the regulatory principles set out in section 3B of the Act. In particular, the FCA’s regulatory approach aims to focus and reinforce the responsibility of the senior management of each firm (section 3B(1)(d) of the Act) to ensure that it takes reasonable care to organise and control the affairs of the firm responsibly and effectively, and develops and maintains adequate risk management systems. It is the responsibility of management to ensure that the firm acts in compliance with its regulatory requirements.

(2) The FCA will have regard to the principle that a burden or restriction which is imposed on a firm should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction (section 3B(1)(b) of the Act). The FCA will, so far as is compatible with acting in a way which advances the consumer protection or the integrity objective, discharge its supervisory functions in a way which promotes effective competition in the interests of consumers.
1A.2 Introduction

1A.2.1 (1) The Supervision manual (SUP) and Decision Procedure and Penalties manual (DEPP) form the Regulatory Processes part of the Handbook.

(2) SUP sets out the relationship between the FCA and authorised persons (referred to in the Handbook as firms). As a general rule, SUP contains material that is of continuing relevance after authorisation.

(3) DEPP is principally concerned with and sets out the FCA’s decision making procedures that involve the giving of statutory notices, the FCA’s policy in respect to the imposition and amount of penalties, and the conduct of interviews to which a direction under section 169(7) of the Act has been given or the FCA is considering giving.

1A.2.2 For a firm which undertakes business internationally (or is part of a group which does), the FCA will have regard to the context in which it operates, including the nature and scope of the regulation to which it is subject in jurisdictions other than the United Kingdom. For a firm with its head office outside the United Kingdom, the regulation in the jurisdiction where the head office is located will be particularly relevant. As part of its supervision of such a firm, the FCA will usually seek to cooperate with relevant overseas regulators, including exchanging information on the firm. Different arrangements apply for an incoming EEA firm, an incoming Treaty firm and a UCITS qualifier. The arrangements applying for an incoming EEA firm and an incoming Treaty firm are addressed in SYSC Appendix 1. For UCITS qualifiers see also COLLG.
1A.3 The FCA's approach to supervision

**Purpose**

1A.3.1 The FCA will adopt a pre-emptive approach which will be based on making forward-looking judgments about firms' business models, product strategy and how they run their businesses, to enable the FCA to identify and intervene earlier to prevent problems crystallising. The FCA's approach to supervising firms will contribute to its delivery against its objective to protect and enhance the integrity of the UK financial system (as set out in the Act). Where the FCA has responsibilities for prudential supervision, its focus will be on reducing the impact on customers and the integrity of the financial system of firms failing or being under financial strain. In addition, when consumer detriment does actually occur, the FCA will robustly seek redress for consumers. This approach will be delivered through a risk-based and proportionate supervisory approach.

1A.3.2 [deleted]

**Supervisory principles**

1A.3.2A The following supervisory principles will guide the FCA's supervisory work.

1. Forward-looking – the FCA will aim to pre-empt or address poor conduct so that risks do not arise and any associated harm does not materialise or if the harm is likely to materialise to ensure it does not cause significant harm to consumers or the UK financial system.

2. A focus on strategy and business models – the FCA will assess a firm’s business model to:
   
   a. identify emerging risks of harm and to ensure that the FCA’s supervisory activity mitigates the risks identified; and
   
   b. develop a strong understanding of a firm’s business model for the purposes of identifying whether there is poor alignment between a firm’s profit incentive and the interests of consumers and the relevant markets functioning well.

3. A focus on culture and governance – the FCA will:
   
   a. look at what drives behaviour within a firm: for example, the firm’s purpose as it is understood by the firm’s employees, the attitude, behaviour, competence and compliance of the firm’s leadership, the firm’s approach to managing and rewarding people (e.g. staff competence and incentives), and the firm’s
governance arrangements, controls and key processes (e.g. for whistleblowing or complaint handling);

(b) in relation to governance, assess effectiveness, and not merely design. The FCA will focus on a firm’s conduct risk framework. For example, whether the firm has effective governance arrangements in place to identify the risk of harm to consumers or the UK financial system and whether the firm has a strategy in place to manage and mitigate those risks; and

(c) seek to address any drivers of behaviour which are likely to cause harm.

(4) A focus on individual as well as firm accountability – the FCA will:

(a) approve and hold to account the most senior individuals whose decisions and personal conduct have a significant effect on the conduct of their firm; and

(b) as part of the Senior Managers and Certification Regime, expect firms to take responsibility for certifying the competence and integrity of employees with the potential to cause significant harm.

(5) Proportionate and risk-based – the FCA will:

(a) use its understanding of the UK financial system and firms’ business models to target firms where misconduct would cause the most harm (especially to vulnerable consumers or important markets) and firms where misconduct is most likely to be significant; and

(b) systematically use intelligence to target its engagement from a broad set of sources. This includes complaints data, whistleblowers, the FCA’s contact centre, regulatory returns, other regulators and competitor firms.

(6) Two-way communication – the FCA will:

(a) engage directly with consumers and their representatives to understand issues they face and target firms that may be causing harm;

(b) engage with industry, firms and market participants to understand how they are responding to market-wide events, firms-specific events and the regulatory framework and to adjust the FCA’s opinions and approach where appropriate;

(c) be clear with firms and individuals about good and poor practice that the FCA observes; and

(d) be as transparent as possible about the FCA’s work and its priorities for the coming year.

(7) Co-ordinated – the FCA will:

(a) ensure its Supervision teams work closely with those in its Authorisations, Market Oversight, Policy, Competition and Enforcement functions to reach robust decisions and share information and provide consistent messages;

(b) share intelligence with other regulatory bodies such as the Bank of England, Payment Systems Regulator, the Financial Ombudsman Service Limited and the Pensions Regulator; and
(c) as a supervisor of global firms and global markets, work with regulators overseas to supervise these firms and markets on issues which are common across national borders.

(8) Put right systematic harm that has occurred and stop it happening again – the FCA will:

(a) where it sees systematic harm, move quickly to stop harm occurring. For example, through imposing an Own Initiative Requirement (OIREQ) on the firm and, where appropriate, ensuring that the firm addresses the drivers of culture and its business model and strategy to prevent a recurrence;

(b) where it suspects serious misconduct, refer to its Enforcement Division for an enforcement investigation; and

(c) seek to obtain redress for affected consumers. The FCA may, for example, seek to put this right by requiring a consumer redress scheme, engaging directly with the firm, or by working with other authorities such as the Financial Ombudsman Service Limited.

The scope of the supervision model for firms

1A.3.3 The FCA supervision model applies to all firms, although the application of the model may vary from firm to firm. For all firms, whether supervised with a dedicated supervision team or supervised as part of a portfolio, the FCA will complete analysis and assessment and communicate to firms on a regular basis its programme of work, view on the main risks of harm and the steps it, the FCA, will require firms to take.

1A.3.4 The supervision model is based on three types of work:

(1) proactive – pre-emptive identification of harm through review and assessment of firms and portfolios: this includes business model analysis and reviewing the drivers of culture;

(2) reactive – dealing with issues that are emerging or have happened to prevent harm growing; and

(3) thematic – wider diagnostic or remedy work where there is actual or potential harm across a number of firms.

1A.3.5 In order to create incentives for firms to raise standards and to maximise the success of the FCA’s supervisory arrangements, it is important that a firm understands the FCA’s evaluation of its risk so that it can take appropriate action.

1A.3.6 (1) The FCA intends to communicate the outcomes of its supervisory work to each firm within an appropriate time frame. In the case of firms in which risks have been identified which could have a material bearing on the FCA meeting its statutory objectives, the FCA will also outline a remedial programme intended to address these.

(2) The FCA considers that it would generally be inappropriate for a firm to disclose its FCA risk assessment to third parties, except to those

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who have a need or right to be aware of it, for example external auditors. FCA risk assessments are directed towards a specific purpose - namely illustration of the risks posed by a firm to the FCA's statutory objectives and to enable the FCA to allocate its resources accordingly. Using a risk assessment for any other purpose has the potential to be misleading. The FCA therefore discourages firms from disclosing their assessments, unless they are required to make them public under relevant disclosure obligations.

### The nature of the FCA's relationship with firms

**1A.3.7**

As many firms will not have dedicated, fixed portfolio resource, the first point of contact for many issues for such firms will be handled by the FCA’s Contact Centre, with the aim being that fewer issues and queries will need to be referred to the supervisors. To support all firms the FCA will also provide regional workshops and road shows to clarify its expectations on these risks and issues that are particularly important to the FCA.

### The nature of the FCA's relationship with the PRA

**1A.3.8**

While respecting each regulator’s different statutory objectives and mandates, in undertaking its supervisory activity the FCA will co-ordinate and co-operate with the PRA as required and necessary in the interests of the effective and efficient supervision of regulated firms and individuals. Both regulators will coordinate with each other as required under the Act, including on the exchange of information relevant to each regulator’s individual objectives. However, the FCA and PRA will act independently from one another when engaging with firms, reflecting an independent but co-ordinated regulatory approach. Maintaining effective working relationships with the PRA will be vital to achieving the FCA vision. To this end, and as required under the Act, the FCA will maintain a memorandum of understanding with the PRA which will set out how the two organisations will work together.
1A.4 Tools of supervision

1A.4.1 In order to meet the statutory objectives and address identified risks to those objectives, the FCA has a range of supervisory tools available to it, including the power to impose financial penalties.

1A.4.2 These tools may be usefully grouped under four headings:

(1) identify – identifying instances where the UK financial system or firms are harming consumers, have the potential to do so, or where the UK financial system is working poorly and not providing sufficient benefit to consumers;

(2) diagnose – diagnosing potential harm, including its cause, extent and potential development;

(3) remedy – assessing the range of the FCA’s available regulatory tools and making a judgement about whether these tools can remedy or mitigate the harm cost-effectively; and

(4) evaluate – for the FCA’s largest interventions, the FCA will test how effective these were and publish analysis after the event.

1A.4.3 Tools may serve more than one purpose. For example, supervisory powers can be used to address risks which have materialised or to assist in preventing risks from escalating. In the first instance they are remedial; in the second, preventative.

1A.4.4 Some of these tools, for example the use of public statements to deliver messages to firms or consumers, do not involve the FCA in direct oversight of the business of firms. In contrast, other tools do involve a direct relationship with firms. The FCA also has powers to act on its own initiative to impose or vary individual requirements on a firm (see SUP 7) and to ban or impose requirements in relation to specific financial promotions. The FCA may also use its general rule-making powers to ban or impose requirements in relation to specific products, types of products or practices associated with a particular product or type of product. The use of the FCA’s tools in its oversight of market practices, in ensuring the protection of client assets and for prudential supervision of FCA-only firms, will also contribute to the integrity and orderly operation of the financial markets.
The FCA uses a variety of tools to monitor whether a firm, once authorised, remains in compliance with regulatory requirements. These tools include (but are not limited to):

1. desk-based reviews;
2. liaison with other agencies or regulators;
3. meetings with management and other representatives of a firm;
4. on-site inspections;
5. reviews and analysis of periodic returns and notifications;
6. reviews of past business;
7. transaction monitoring;
8. use of auditors; and
9. use of skilled persons.

The FCA also uses a variety of tools to address specific risks identified in firms. These tools include:

1. making recommendations for preventative or remedial action;
2. giving other individual guidance to a firm;
3. imposing individual requirements; and
4. varying a firm’s permission in another way.

For further discussion of the FCA’s regulatory approach, see publications on the FCA’s website.
Chapter 2

Information gathering by the FCA or PRA on its own initiative
2.1 Application and purpose

Application

2.1.1 The application of this chapter is the same as the application of Principle 11 (Relations with regulators).

2.1.2 PRIN 3 (Rules about application) specifies to whom, to what and where Principle 11 applies.

2.1.2A CBTL 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 12.5.3AG;
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

2.1.3 Achieving 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 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 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 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 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 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 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
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 2.1.2AG to CBTL firms is to amplify the duty of CBTL firms to deal with the FCA in an open and cooperative 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 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](#) to [PRIN 1.1.9](#)). But, unlike a breach of a requirement imposed under the statutory powers listed in [SUP 2.1.5](#), 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 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 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.
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 Cooperation) 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.

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.
2.3 Information gathering by the FCA on its own initiative: cooperation by firms

Introduction: Methods of information gathering requiring cooperation

2.3.1 The FCA uses various methods of information gathering on its own initiative which require the cooperation of firms:

(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 firms), or when the FCA has a particular reason for visiting a firm. 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 appropriate regulator

(2) The FCA may seek meetings at the FCA’s appropriate regulator’s offices or elsewhere.

(3) The FCA may seek information or request documents by telephone, at meetings or in writing, including by electronic communication.

2.3.2 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 firm or connected person when it seeks information, documents, 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 firms to comply with the requirements and standards under the regulatory system at all times.

Access to a firm’s documents and personnel

2.3.3 In complying with Principle 11, the FCA considers that a firm should, in relation to the discharge by the FCA of its functions under the Act:

(1) make itself readily available for meetings with representatives or appointees of the FCA as reasonably requested;

(2) give representatives or appointees of the FCA reasonable access to any records, files, tapes or computer systems, which are within the 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.

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

(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)).

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

Suppliers under material outsourcing arrangements

(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.
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.

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.

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.

(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.

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).

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 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 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 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 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 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.
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.

<table>
<thead>
<tr>
<th>(1) Category of firm</th>
<th>(2) Sections applicable to the firm</th>
<th>(3) Sections applicable to its auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Authorised profes-sional firm which is re-quired by IPRU(INV) 2.1.2R to comply with chapters 3, 5 or 13 of IPRU(INV) and which has an auditor ap-pointed under or as a result of a statutory provision other than in the Act (Notes 1 and 6)</td>
<td>SUP 3.1 - SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(2) Authorised profes-sional firm not within (1) to which the cus-tody chapter or client money chapter applies</td>
<td>SUP 3.1 - SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(3) Authorised profes-sional firm not within (1) or (2) which has an auditor appointed un-der or as a result of a statutory provision other than in the Act</td>
<td>SUP 3.1, SUP 3.2, SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
<tr>
<td>(4) Bank, building society or dormant account fund operator which in each case carries on designated investment business (Notes 2A and 6)</td>
<td>SUP 3.1-SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(5) Bank, building society or a dormant account fund operator which in each case does not carry on designated investment business (Note 2A)</td>
<td>SUP 3.1 - SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
<tr>
<td>(5A) Credit union</td>
<td>SUP 3.1 - SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
<tr>
<td>(5B) 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</td>
<td>SUP 3.1</td>
<td>SUP 3.1</td>
</tr>
<tr>
<td>(5C) CASS 7 loan-based crowdfunding firm</td>
<td>SUP 3.1-3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(5D) A CASS 13 claims management firm</td>
<td>SUP 3.1-3.7, 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(1) Category of firm</td>
<td>(2) Sections applicable to the firm</td>
<td>(3) Sections applicable to its auditor</td>
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</tr>
<tr>
<td>(6) Insurer, the Society of Lloyd's, underwriting agent or members' adviser, UK ISPV (Note 5)</td>
<td>SUP 3.1 - SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
<tr>
<td>(7) Investment management firm, (other than an exempt CAD firm), personal investment firm (other than a small personal investment firm or exempt CAD firm), securities and futures firm (other than an exempt CAD firm or an exempt BIPRU commodities 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)</td>
<td>SUP 3.1 - SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(7A) Investment management firm (other than an exempt CAD firm), personal investment firm (other than a small personal investment firm or exempt CAD firm), securities and futures firm (other than an exempt CAD firm or an exempt BIPRU commodities firm) or collective portfolio management firm that is an external AIFM not within (7) to which the custody chapter or client money chapter applies</td>
<td>SUP 3.1 - SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(7B) Collective portfolio management firm that is a UCITS firm or an internally managed AIF (Note 6)</td>
<td>SUP 3.1 - SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(1) Category of firm</td>
<td>(2) Sections applicable to the firm</td>
<td>(3) Sections applicable to its auditor</td>
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</tr>
<tr>
<td>(7C) UK MiFID investment firm, which has an auditor appointed under or as a result of a statutory provision other than in the Act (Notes 3B and 6)</td>
<td>SUP 3.1 - 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(7D) Sole trader or partnership that is a UK MiFID investment firm (other than an exempt CAD firm) (Notes 3C and 6)</td>
<td>SUP 3.1 - SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(8) Small personal investment firm or service company which, in either case, has an auditor appointed under or as a result of a statutory provision other than in the Act</td>
<td>SUP 3.1, SUP 3.2, SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
<tr>
<td>(9) Home finance provider which has an auditor appointed under or as a result of a statutory provision other than in the Act</td>
<td>SUP 3.1 - SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
<tr>
<td>(10) Insurance intermediary (other than an exempt insurance intermediary) to which the insurance client money chapter (except for CASS 5.2 (Holding money as agent)) applies (see Note 4)</td>
<td>SUP 3.1 - SUP 3.7, SUP 3.11</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</td>
</tr>
<tr>
<td>(11) Exempt insurance intermediary and insurance intermediary 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</td>
<td>SUP 3.1, SUP 3.2, SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
<tr>
<td>(12) Home finance intermediary or home finance administrator which has an auditor appointed under or as a result of a statutory provision other than in the Act.</td>
<td>SUP 3.1, SUP 3.2, SUP 3.7</td>
<td>SUP 3.1, SUP 3.2, SUP 3.8</td>
</tr>
</tbody>
</table>

Note 1 = This chapter applies to an *authorised professional firm* in row (1)
<table>
<thead>
<tr>
<th>(1) Category of firm</th>
<th>(2) Sections applicable to the firm</th>
<th>(3) Sections applicable to its auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>(and its auditor) as if the firm were of the relevant type in the right-hand column of IPRU(INV) 2.1.4R.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 2 [deleted]

Note 2A = For this purpose, designated investment business does not include either or both:

(a) dealing which falls within the exclusion in article 15 of the Regulated Activities Order (Absence of holding out etc) or agreeing to do so; and

(b) dealing in investments as principal (or agreeing to do so):

(i) by a firm whose permission to deal in investments as principal is subject to a limitation to the effect that the firm, in carrying on this regulated activity, is limited to entering into transactions in a manner which, if the firm was an unauthorised person, would come within article 16 of the Regulated Activities Order (Dealing in contractually based investments); and

(ii) in a manner which comes within that limitation;

having regard to article 4(4) of the Regulated Activities Order (Specified activities: general).

Note 3 = This note applies in relation to an oil market participant to which IPRU(INV) 3 does not apply and in relation to an energy market participant to which IPRU(INV) 3 does not apply. In SUP 3:

(a) only SUP 3.1, SUP 3.2 and SUP 3.7 are applicable to such a firm; and

(b) only SUP 3.1, SUP 3.2 and SUP 3.8 are applicable to its auditor;

and, in each case, only if it has an auditor appointed under or as a result of a statutory provision other than in the Act.

Note 3A [deleted]

Note 3B = UK MiFID investment firms include exempt CAD firms. An exempt CAD firm that has opted into MiFID can benefit from the audit exemption for small companies in the Companies Act legislation if it meets an exempt investment firm as defined by article 8 of the MiFIR Regulations. If a firm does so benefit then SUP 3 will not apply to it. For further details about exempt CAD firms, see PERG 13, Q58.

Note 3C = A sole trader or a partnership that is a UK MiFID investment firm to which the custody chapter or client money chapter applies must have its annual accounts audited.

Note 4 = The client money audit requirement in SUP 3.1.2 R(10) therefore applies to all insurance intermediaries except:

• those which do not hold client money or other client assets in relation to insurance distribution activities; or

• those which only hold up to, but not exceeding, £30,000 of client money under a statutory trust arising under CASS 5.3.

Insurance intermediaries which, in relation to insurance distribution activities, hold no more than that amount of client money only on a statutory trust are exempt insurance intermediaries.

Note (5) = In row (6):

(a) SUP 3.1 - SUP 3.7 applies to a managing agent in respect of its own business and in respect of the insurance business of each syndicate which it manages; and
### Section 3.1: Application

<table>
<thead>
<tr>
<th>(1) Category of firm</th>
<th>(2) Sections applicable to the firm</th>
<th>(3) Sections applicable to its auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 3.1, SUP 3.2 and SUP 3.8 apply to the auditors of a managing agent and the auditors of the insurance business of each syndicate which the managing agent manages.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note 6** = Where SUP 3.11 applies to a firm, and SUP 3.10 applies to the auditor of that firm, those sections apply whether or not that firm’s permission prevents it from holding client money or custody assets and whether or not it holds client money or custody assets. A collective portfolio management firm that is an internally managed AIF is required to appoint an auditor under FUND 3.3.6R (2) (Annual report of an AIF) because the AIFM is also an AIF.

### 3.1.2A

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).

**Incoming firms**

This chapter applies to an incoming EEA firm (and the auditor of such a firm) only if it has a top-up permission.

### 3.1.3

The application of SUP 3.10 to the auditor of an incoming EEA firm with a top-up permission is qualified in SUP 3.10.3 R.

### 3.1.4

This chapter does not apply to an incoming Treaty firm, which:

1. does not have a top-up permission; and
2. is not required to comply with the client asset rules.

### 3.1.5

The application of SUP 3.7 to an incoming Treaty firm or an auditor of such a firm is further qualified in SUP 3.7.1 G.

**Auditors of lead regulated firms**

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

[deleted]

**Material elsewhere in the Handbook**

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

| Friendly society | IPRU(FSOC) |
| Investnr (other than a Solvency II firm or a friendly society) | IPRU(INS) |
| Investment management firm, personal investment firm, securities and futures firm and collective portfolio management firm (other than IFPRU investment firms and BIPRU firms) | IPRU(INV) |
| Society of Lloyd's and Lloyd's managing agents | IPRU(INS) |
3.2 Purpose

Purpose: general

3.2.1 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 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 [deleted]

3.2.4 [deleted]

Insurance intermediaries and their auditors

3.2.5 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 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]
۳.۳.۷ 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.

۳.۳.۹ G

SUP ۳.۳.۷ 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.

۳.۳.۱۰ 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 ۳.۳.۷ R, the Building Societies Act ۱۹۸۶ or the Friendly Societies Act ۱۹۹۲.
# 3.4 Auditors' qualifications

## Purpose

3.4.1 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 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 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 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 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].

Requests for information on qualifications by the appropriate regulator

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

3.5.3 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 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 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 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.

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.

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.

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 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
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)).

3.6.7 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 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.

Provision of false or misleading information to auditors

3.6.9 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

Application

3.7.1 SUP 3.7 does not apply to an incoming Treaty firm which does not have a top-up permission.

Notification

3.7.2 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 [deleted]
3.8 Rights and duties of auditors

Purpose

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

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

3.8.6 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 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.
If an auditor ceases to be, or is formally notified that he will cease to be, the auditor of a firm, he must notify the appropriate regulator without delay:

1. of any matter connected with his so ceasing which he thinks ought to be drawn to the appropriate regulator’s attention; or

2. that there is no such matter.

3.8.13 [deleted]

3.8.14 [deleted]
### 3.10 Duties of auditors: notification and report on client assets

#### Application

**3.10.1** [deleted]

**3.10.2** 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** ■ SUP 3.10.5 R(3) does not apply to an auditor of a **lead regulated firm** or an **incoming EEA firm**.

#### Client assets report: content

**3.10.4** 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** (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**.

   (2) For the purpose of ■ SUP 3.10.4 R (2), an auditor must ensure that the report is prepared in accordance with the terms of a **limited assurance engagement**.
### 3.10.5 Client assets report

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

### 3.10.5A 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 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  

(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  
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  
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  
[deleted]

3.10.8  
(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  
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:

(1) to the firm so as to be received within four months of the end of each period covered; and
Section 3.10 : Duties of auditors: notification and report on client assets

3.10.8B  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 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.

3.10.8C  It is the responsibility of an insurance intermediary’s senior management to determine, on a continuing basis, whether the firm is an exempt insurance intermediary for the purposes of this requirement 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.

3.10.8D  An auditor must:

(1) deliver to a firm a draft of its client assets report such that the firm 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

(2) unless it is the auditor of a firm falling within category (10) of SUP 3.1.2 R, deliver to the firm a copy of the final report at the same time as it delivers that report to the FCA in accordance with SUP 3.10.7 R.

Client assets report: requirements not met or inability to form opinion

3.10.9  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.

3.10.9A  (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 rule in respect of which a breach has been identified.

(2) If an auditor does not identify a breach of any individual rule, it must include a statement to that effect in the client assets report.

3.10.9B  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 rules is submitted using,
respectively, Part 1 (Auditor’s Opinion) and Part 2 (Breaches Schedule) of SUP 3 Annex 1 R.

3.10.9C The FCA expects that the list of breaches will include every breach of a rule in CASS insofar as that rule 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 firm, or by any third party.

(2) For the purpose of determining whether to qualify its opinion or express an adverse opinion, the FCA would expect an auditor to exercise its professional judgment as to the significance of a rule breach, as well as to its context, duration and incidence of repetition. The FCA would expect an auditor to consider the aggregate effect of any breaches when judging whether a firm had failed to comply with the requirements described in SUP 3.10.5 R (1) to (4).

3.10.10 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 [deleted]

Method of submission of reports

3.10.12 An auditor of a firm 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 rules applied directly to the auditor.

Service of Notice Regulations

3.10.13 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 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 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 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 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 § 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
Supervision

Chapter 4

Actuaries
4.1 Application

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 R Applicable sections

<table>
<thead>
<tr>
<th>(1)</th>
<th>Category of firm</th>
<th>(2) Applicable sections or rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A long-term insurer, other than:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>a registered friendly society which is a non-directive friendly society;</td>
<td>SUP 4.1, SUP 4.2, SUP 4.3 and SUP 4.5</td>
</tr>
<tr>
<td>(b)</td>
<td>an incorporated friendly society that is a flat rate benefits business friendly society;</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>an incoming EEA firm; and</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>a Solvency II firm (for which see (5) below).</td>
<td></td>
</tr>
<tr>
<td>(2) A friendly society, other than a friendly society within (1) or (5).</td>
<td>SUP 4.1, SUP 4.2, SUP 4.4 and SUP 4.5</td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>Category of firm</td>
<td>(2) Applicable sections or rules</td>
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<tr>
<td>(3)</td>
<td>[deleted]</td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td>[deleted]</td>
<td></td>
</tr>
<tr>
<td>(5)</td>
<td>A Solvency II firm which does any of the following:</td>
<td>SUP 4.1, SUP 4.2, SUP 4.3, SUP 4.4 and SUP 4.5 except that:</td>
</tr>
<tr>
<td></td>
<td>(a) appoints an actuary to fulfil the actuarial function for the purposes of rule 6 of the PRA Rulebook: Solvency II firms: Conditions Governing Business;</td>
<td>SUP 4.3.8 G to SUP 4.3.10 G do not apply to (a) and (b) in column 2; and</td>
</tr>
<tr>
<td></td>
<td>(b) appoints an external actuary in accordance with PRA Rulebook: Solvency II Firms: Actuaries;</td>
<td>SUP 4.3.13 R to SUP 4.3.15 G, and SUP 4.4.6 R do not apply</td>
</tr>
<tr>
<td></td>
<td>(c) appoints a with-profits actuary.</td>
<td></td>
</tr>
</tbody>
</table>
Section 4.2 : Purpose

4.2.1 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 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 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 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 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 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 [deleted]

Actuaries’ qualifications

4.3.8 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 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 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  
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  
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  
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  
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  
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.
perform the *actuarial function*, rather than the *appropriate actuary* under SUP 4.4 (Appropriate actuaries).

4.3.15 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

4.3.16A 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.

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  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  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  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  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  [deleted]

4.3.20  [deleted]

4.3.21  [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 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 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 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 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 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 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 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

Termination of term of office

4.5.8

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.

4.5.9

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.

4.5.10

Rights and duties

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.
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.

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
(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 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 (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.
5.1.3 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 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 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 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 SUP 5 Annex 1 gives examples of circumstances in which the FCA may use the skilled persons tool.

5.3.2 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 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 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

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

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 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 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 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 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 [deleted]

Considerations relating to FCA resources

5.3.10 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 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 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 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 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.
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.

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

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.

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.

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 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.

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

5.4.11 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 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 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

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)
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).

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.

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.

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
(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 FCA’s consent; and

(3) is not varied or rescinded in such a way as to extinguish or alter the
provisions referred to in (2)(d).

5.5.6 G The Contracts (Rights of Third Parties) Act 1999 or Scots common law,
enables the FCA to enforce the rights conferred on it under the contract
required by SUP 5.5.1 R against the skilled person.

5.5.7 G If the FCA considers it appropriate, it may request the firm to give it a copy
of the draft contract required by SUP 5.5.1 R before it is made with the
skilled person. The FCA will inform the firm of any matters that it considers
require further clarification or discussion before the contract is finalised.

5.5.8 G The FCA expects the firm, including where applicable in complying with
Principle 11, to give the FCA information about the cost of the skilled
persons 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 FCA’s decision making in the choice of regulatory tools.
Information about the number and cost of reports by skilled persons will be
published by the FCA.

Assisting the skilled person

5.5.9 R A firm must provide all reasonable assistance to any skilled person 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 Act.

5.5.10 G In providing reasonable assistance under SUP 5.5.9 R, a firm should take
reasonable steps to ensure that, when reasonably required by the skilled
person, each of its appointed representatives or, where applicable, tied
agents 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 appointed
representative or tied agent.

5.5.11 G Reasonable assistance in SUP 5.5.9 R should include:

(1) access at all reasonable business hours for the skilled person to the
firm’s accounting and other records in whatever form;
(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. 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

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

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.

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 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 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 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 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)

<table>
<thead>
<tr>
<th>Toolkit purpose</th>
<th>Purpose for use of tool</th>
<th>Examples of reasons for use of tool</th>
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</table>
| **Diagnostic**           | • 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 regulatory objectives or to determine whether there may have been a breach of a rule or of a threshold condition, or, in the case of an RIE, failure to meet the recognised requirements.  
  • To assess the implications of, and firm's* response to, a change of circumstances e.g.  
  - proposed entry into new business area;  
  - new control structure;  
  - merger or take-over;  
  - new IT system; or  
  - launch of an E-Commerce venture. | • Concern about effectiveness of the firm's* internal audit department.  
  • Concern about reliability of submitted financial returns.  
  • Inability of a firm* to quantify its current financial position.  
  • Assessment of consequences of incomplete customer files.  
  • Concern about quality of systems and controls.  
  • Indication of financial crime or money laundering.  
  • Concern about a firm's* controller.  
  • Assessment of control structure when a bank (specialising in consumer lending) diversifies into commercial lending. |
| **Diagnostic/monitoring**| • To verify information provided to the FCA.                                                                   | • Verification of a specific return to give the FCA assurance of the quality of information provided. |
|                          | • To collect information required by but not provided to the FCA by the firm*.                                    | • Failure by a firm* to provide or keep up to date information required by the FCA.               |
|                          | • To update information previously provided to the FCA but not kept up to date by the firm*.                      |                                                   |
| **Monitoring**           | • To review systems and controls  
  • To complement baseline monitoring                                                                 | • Assessment of systems and controls in firms* where identified as a risk mitigation priority.  
  • In-depth review of part of a firm* which is material to the firm's risk profile but of which the FCA does not consider it has an adequate, up-to-date understanding. |
| **Preventative**         | • To gather and analyse information on an identified risk and develop recommendations for resolution.           | Review of identified control weaknesses over client money to obtain recommendations to ensure compliance with the relevant rules. |
### Toolkit purpose

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<th>Purpose for use of tool</th>
<th>Examples of reasons for use of tool</th>
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<td>Remedial</td>
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<td>• To assist in the design of a reme-</td>
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<td>• To oversee and report on remedial</td>
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<td>• Where possible, the FCA has iden-</td>
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<td>tified possible losses from failure</td>
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<td>to reconcile assets or from mis-post-</td>
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<td>• To report on quality of work un-</td>
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<td>stones in the action plan.</td>
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* 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

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<tr>
<th>Purpose for use of tool</th>
<th>Examples of reasons for use of tool</th>
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<tr>
<td>Diagnostic/ monitoring/</td>
<td>• To provide a report or information</td>
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<td>preventative/ remedial</td>
<td>that is urgently required.</td>
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<td>(any of the above)</td>
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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 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 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 This chapter applies to an incoming firm or a UCITS qualifier only in respect of a top-up permission. An incoming firm or a UCITS qualifier should refer to SUP 14 (Variation of passport rights by incoming EEA firms and ending authorisation) for the procedures for changes to permission granted under Schedules 3, 4 or 5 of the Act.

6.1.3A (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
SUP 6 : Applications to vary and cancel Part 4A permission and to impose, vary or cancel...

Purpose

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.

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.

This chapter does not cover the FCA’s use of its 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 on the FCA’s own initiative and intervention against incoming firms)).
6.2 Introduction

6.2.1 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 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 [deleted]

6.2.3A 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 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  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  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  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  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  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

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<tr>
<th>Question</th>
<th>Variation of Part 4A permission</th>
<th>Cancellation of Part 4A permission</th>
<th>Imposition, variation and cancellation of requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>What does the application apply to?</td>
<td>Individual elements of a firm’s Part 4A permission. Variations may involve adding or removing categories of regulated activity or specified investments or varying or removing any limitations in the firm’s Part 4A permission.</td>
<td>A firm’s entire Part 4A permission and not individual elements within it.</td>
<td>Any requirement imposed on a firm with a Part 4A permission. Requirements may involve requiring the firm concerned to take or refrain from taking a specified action.</td>
</tr>
<tr>
<td>In what circumstances is it usually appropriate to make an application?</td>
<td>If a firm: 1. wishes to change the regulated activities it carries on in the United Kingdom under a Part 4A permission (SUP 6.3); or 2. wishes to vary or cancel an existing requirement imposed on it; or 3. wishes to have a new requirement imposed on it; or 4. wishes to vary or cancel any requirement imposed</td>
<td>If a firm: 1. has ceased to carry on all of the regulated activities for which it has Part 4A permission (SUP 6.4); or 2. wishes or expects to cease carrying</td>
<td></td>
</tr>
</tbody>
</table>

- Release 42  ● Sep 2019  www.handbook.fca.org.uk
6.2.6  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). These discussions will help the relevant regulator and the firm to agree the correct approach for the firm.

6.2.7  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 (1)(d)). A firm should consider whether it needs to notify the appropriate regulator before applying to vary or cancel its Part 4A permission.

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 account fund operator, or, as is often the case, holding client money or customer assets.
6.2.9  If an insurer, a bank, or a dormant account 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  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  In certain circumstances the FCA and/or the PRA may use their own-initiative powers (see SUP 7 and EG 8 (Variation and cancellation of permission on the FCA’s own initiative and intervention against incoming firms)).

6.2.11  (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 of 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.

UK firms exercising EEA or Treaty rights

6.2.12  A UK firm should assess the effect of any change to its Part 4A permission, or any requirements, on its ability to continue to exercise any EEA right or Treaty right and discuss any concerns with its appropriate supervisory contact(s). This may also change the applicable provisions with which it is required to comply by a Host State.
6.2.13 A UK firm which, as well as applying to vary or cancel its Part 4A permission, wishes to vary or terminate any business which it is carrying on in another EEA State under one of the Single Market Directives, should follow the procedures in SUP 13 (Exercise of passport rights by UK firms) on varying or terminating its branch or cross border services business.

The Lloyd's market

6.2.14 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.
6.3 Applications for variation of permission and/or imposition, variation or cancellation of requirements

What is a variation of permission?

6.3.1 [deleted]

6.3.1A Under section 55H of the Act, an FCA-authorised person may apply to the FCA to vary its Part 4A permission to:

(1) allow it to carry on further regulated activities, other than a PRA-regulated activity; or

(2) reduce the number of regulated activities it is permitted to carry on; or

(3) vary the description of its regulated activities (including by the removal or variation of any limitations).

6.3.1B Under section 55I of the Act, an FCA-authorised person may apply to the PRA to vary its Part 4A permission to add regulated activities which include a PRA-regulated activity.

6.3.2 [deleted]

Applications to impose, vary or cancel requirements

6.3.2A Under section 55L(5) of the Act a firm with a Part 4A permission may apply to the FCA for the imposition of a new requirement and/or the variation or cancellation of any requirement previously imposed by the FCA.

The scope of applications

6.3.2C An application may relate to one or more of SUP 6.3.1A G and SUP 6.3.2A G. For example, a firm may apply to vary its Part 4A permission to add a new regulated activity and at the same time remove a regulated activity for which it currently has permission.
In applying for a variation of Part 4A permission, a branch of a firm from outside the EEA should be mindful of any continuing requirements referred to in the rest of the Handbook.

Applications to add additional regulated activities

In determining the activities and specified investments for which a Part 4A permission is required, and whether to apply for a variation of that permission, a firm may need to take professional advice and may also wish to discuss this with its appropriate supervisory contact.

Before applying to vary its permission, a firm should determine whether there are any statutory restrictions that do not allow combinations of certain types of regulated activity, particularly for insurance business or UCITS managers. For example, the PRA will not grant a variation of Part 4A permission to allow a friendly society to carry on reinsurance business as this is not permitted under the Friendly Societies Acts 1974 and 1992. A firm should discuss its plans with its appropriate supervisory contact.

If a firm is seeking a variation of Part 4A permission to add categories of regulated activities, it should be mindful of the directive requirements referred to at SUP 6.3.42 G relating to the need to commence new activities within 12 months.

Applications to remove certain regulated activities

If a firm wishes to cease carrying on an activity for which it has Part 4A permission, it will usually apply to vary its Part 4A permission to remove that activity. If a firm wishes to cease carrying on an activity in relation to any specified investment, it will usually apply to vary its Part 4A permission to remove that specified investment from the relevant activity.

How a variation of permission may affect the firm's approved persons

(1) Where a firm is submitting an application for variation of Part 4A permission which would lead to a change in the controlled functions of its approved persons, it should, at the same time and as appropriate:

(a) make an application for an internal transfer of an approved person, Form E (Internal transfer of a person performing a controlled function), or make an application for an individual to perform additional controlled functions, the relevant Form A (Application to perform controlled functions); see:

(i) SUP 10A.13.3D to SUP 10A.13.5G (for a firm that is not an SMCR firm);
(ii) SUP 10C.10 (for an SMCR firm); or
(iii) the corresponding PRA requirements;

(b) notify the FCA or PRA of any approved person who has ceased to perform a controlled function specified by that regulator, Form C (Notice of ceasing to perform controlled functions (including senior management functions)); see:
(i) SUP 10A.14 (for a firm that is not an SMCR firm);
(ii) SUP 10C.14 (for an SMCR firm); or
(iii) the corresponding PRA requirements.

(2) If the firm intends to recruit new individuals to perform controlled functions, it should apply for approval of the individuals as approved persons as soon as possible using Form A (Application to perform controlled functions); see:
(a) SUP 10A.13 (for a firm that is not an SMCR firm);
(b) SUP 10C.10 (for an SMCR firm); or
(c) the corresponding PRA requirements.

6.3.9 A variation of a firm’s Part 4A permission may mean that it becomes an SMCR firm or that it changes from one type of SMCR firm to another. This would have a number of significant consequences, which include:

(1) the application of the special powers in relation to misconduct by approved persons (see DEPP 6.2.9-AG);

(2) the approved persons regime switches from SUP 10A to SUP 10C;

(3) COCON applies in place of APER; and

(4) the other elements of the regime for SMCR firms described in SYSC 23.4 (Overview of the senior managers and certification regime) apply (which differ depending on the type of SMCR firm).

(5) [deleted]

(6) [deleted]

6.3.10 [deleted]

### Variation of permission involving insurance business

6.3.11 A firm with Part 4A permission to carry on insurance business, which is applying for a variation of its Part 4A permission to add further insurance activities or specified investments, will be required to submit particular information on its existing activities as part of its application. This includes the scheme of operations which is required to be submitted as part of the application pack (for further details on the scheme of operations, see SUP App 2 (Insurers: scheme of operations)).

6.3.12 In applying to vary its Part 4A permission to add categories of specified investments, in relation to insurance business, a firm carrying on insurance business will need to determine the classes of specified investments relating to effecting and carrying out contracts of insurance for which variation of Part 4A permission will be necessary, having regard to whether certain classes of contract may qualify to be effected or carried out on an ancillary or supplementary basis.
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

(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).

(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 6.3.15 D (4) and ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification) should be used.

(2) Where ■ SUP 6.3.15 D (4) applies to a firm, ■ GEN 1.3.2 R (Emergency) does not apply.

6.3.16

(1) Section 55(U)(2) of the Act (Applications under this Part) requires that the application for variation of Part 4A permission must contain a statement:

(a) of the desired variation; and
(b) of the regulated activity or regulated activities which the firm proposes to carry on if its permission is varied.

(1A) Section 55(U)(3) of the Act requires that an application for variation of a requirement imposed under section 55L or 55M or the imposition of a new requirement must contain a statement of the desired variation or requirement.

(2) The full form and content of the application for variation of Part 4A permission or for the imposition or variation of a requirement is a matter for direction by the relevant regulator, who will determine the additional information and documentation required on a case by case basis.

6.3.17

(1) [deleted]

(2) A firm is advised to discuss its application with the relevant regulator before submission, particularly if it is seeking a variation of Part 4A permission or imposition, variation or cancellation of a requirement within a short timescale. A firm is also advised to include as much detail as possible (including any additional information identified by its supervisors at this stage) with its application.

6.3.18

The relevant regulator, as soon as possible after receipt of an application, will advise the firm 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 firm as a whole, and the nature, risk profile and complexity of the variation.

Applications from firms winding down (running off) business over the long term

A firm which is making an application for variation of Part 4A permission to wind down (run off) its business before applying for a cancellation of that permission (see ■ SUP 6.2.9 G) should read ■ SUP 6 Annex 4 for details of the additional procedures that apply.

Applications involving significant changes

In certain cases, the relevant regulator may consider that granting an application for imposition, variation or cancellation of any requirement or
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 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 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 (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 (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 Information which may be required. See § SUP 6.3.24 G

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

6.3.26 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 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 of variation of requirements be granted?

6.3.28 (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]
Where a firm applies to the PRA for the variation of its Part 4A permission, the FCA, in giving consent to such an application or imposing any requirements on the firm, is required by section 55B(3) of the Act to ensure that the 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 firm has or will have Part 4A permission after the variation.

(1) The FCA’s duty under section 55B(3) of the Act does not prevent it, having regard to that duty, from taking such steps as it considers necessary in relation to a particular firm, to meet any of its operational objectives. This may include granting or consenting to (as the case may be) a firm’s application for variation of Part 4A permission 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 threshold conditions.

(2) The FCA may refuse an application, or refuse to give its consent to an application, under section 55B(3) of the Act if it considers that it is desirable to do so in order to advance any of its operational objectives.

In determining whether the firm satisfies and continues to satisfy the threshold conditions, the regulator concerned will consider whether the firm is ready, willing and organised to comply with the regulatory requirements it will be subject to if the application is granted.

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.

In considering whether to grant (or consent to, as the case may be) a firm’s application to vary its Part 4A permission or impose or vary a requirement, the regulator concerned will also have regard, under section 55R(1) of the Act (Persons connected with an applicant), to any person appearing to be, or likely to be, in a relationship with the firm which is relevant. The Financial Groups Directive Regulations make special consultation provisions where the regulator is exercising its functions under Part 4A of the Act (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 Part 4A permission of a person who is a member of a group which is a financial conglomerate, the consultation provisions in section 55R(2) of the Act are disapplied. In their place, the regulations impose special obligations, linked to the Financial Groups Directive, to obtain the consent of the relevant competent authorities, to consult those authorities and to consult with the group itself.

The regulator’s powers in respect of application for variation of Part IV permission

[deleted]

The FCA’s power to vary a Part 4A permission after it receives an application from a firm extends to including in the Part 4A permission as varied any
SUP 6 : Applications to vary and cancel Part 4A permission and to impose, vary or cancel...

Section 6.3 : Applications for variation of permission and/or imposition, variation or cancellation of requirements

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| 6.3.32B | The FCA may:
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<tr>
<td>(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</td>
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<tr>
<td>(2) specify a narrower or wider description of regulated activity than that to which the application relates; or</td>
<td></td>
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<tr>
<td>(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.</td>
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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.

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| 6.3.32C | 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. |

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| 6.3.33 | [deleted] |

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| 6.3.34 | 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 6.3.39 G). |

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| 6.3.34A | 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 6.3.39 G). |

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**How long will an application take?**

| 6.3.35 | 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. |

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| 6.3.36 | 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. |
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.

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

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.

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.

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?

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.

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

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.

(1) Firms should be aware that the appropriate regulator may exercise its own-initiative variation power to vary or cancel their Part 4A permission if they do not (see section 55J of the Act (Variation or cancellation on initiative of regulator)):

(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; or
(b) carry on a regulated activity for which they have Part 4A permission for a period of at least 12 months (irrespective of the date of grant).

(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 \(\text{\textsection EG 8}\)).

[Note: article 8(a) of MiFID]

(2) If the appropriate regulator considers that such a variation or cancellation of the firm’s Part 4A permission is appropriate, it will discuss the proposed action with the firm and its reasons for not commencing or carrying on the regulated activities concerned.

6.3.43 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 \(\text{\textsection SUP 15.3.8 G (1)(c)}\)).
6.4 Applications for cancellation of permission

6.4.1 [deleted]

6.4.1A Under section 55H(3) of the Act (Variation by FCA at request of authorised person), if an FCA-authorised person applies to the FCA, the FCA may cancel its Part 4A permission. Cancellation applies to a firm's entire Part 4A permission, that is to every activity and every specified investment and not to the individual elements such as specified investments. Changes to the individual elements of a permission would require a variation.

6.4.2 [deleted]

6.4.2A Under section 55H(4) of the Act, the FCA may refuse an application from a firm to cancel its Part 4A permission if it considers that it is desirable to do so in order to advance any of its operational objectives.

6.4.3 (1) A firm may apply to the relevant regulator to cancel its Part 4A permission before it has ceased carrying on all regulated activities. However, where a firm makes a formal application for cancellation of its permission when it has not yet ceased carrying on regulated activities, the relevant regulator will expect the firm:

(a) to cease those regulated activities within the short term (normally no more than six months from the date of application for cancellation); and

(b) to have formal plans to cease its regulated activities in an orderly manner.

(2) Firms should note, however, that the relevant regulator will not grant an application for cancellation of Part 4A permission until the firm can demonstrate that it has ceased carrying on all regulated activities (■ SUP 6.4.19 G).

(3) The relevant regulator may apply additional procedures or require additional information, as if the firm 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 firm.

6.4.4 Additional guidance for a firm carrying on insurance business, accepting deposits, operating a dormant account fund or which holds client money 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 Contact Centre on 0300 500 0597.

(2) To contact the Cancellations Team:

(a) write to: Cancellations Team, The Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN; or; or
Applications to vary and cancel Part 4A permission and to impose, vary or cancel...

(b) email cancellation.team@fca.org.uk

(3) If a firm which has applied for cancellation decides to remain authorised it should inform the relevant regulator immediately using one of the methods in [SUP 6.4.6 G (2)].

6.4.7 When an application is received, the relevant regulator will send the firm a written acknowledgement. The firm 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 Part 4A permission.

Information to be supplied to the relevant regulator as part of the application for cancellation of permission

6.4.8 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 firm to provide will differ according to the nature of the firm and the activities it has Part 4A permission to carry on.

6.4.9 A firm will be expected to demonstrate to the relevant regulator that it has ceased carrying on regulated activities. The relevant regulator may require, as part of the application, a report from the firm that includes, but is not limited to, the confirmations referred to in [SUP 6.4.12 G (as appropriate to the firm’s 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 [SUP 6.4.15 G]).

6.4.10 (1) If a firm is subject to the complaints rules in DISP, the FCA may request confirmation from the firm that there are no unresolved, unsatisfied or undischarged complaints against the firm from a customer of the firm.

(2) If there are unresolved or undischarged complaints against a firm from a customer of the firm, the FCA may request confirmation, as appropriate, of the steps (if any) which have been taken under the firm’s complaints procedures and the amount of compensation claimed. The FCA may also request an explanation of the arrangements made for the future consideration of such complaints.

6.4.11 If the firm is carrying on designated investment business with retail clients, the FCA may request confirmation that the firm has written, or intends to write, to all retail clients with, or for whom, the firm has conducted regulated activities within a certain period.

Confirmations and resolutions

6.4.12 The relevant regulator will usually require the report in [SUP 6.4.9 G to be signed by a director or other officer with authority to bind the firm. It may include confirmations from the firm that, in relation to business carried on under its Part 4A permission, it has:

(1) ceased carrying on all regulated activities;
(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 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 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 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 Types of reports. See SUP 6.4.15 G

<table>
<thead>
<tr>
<th>Category of firm</th>
<th>Type of report</th>
</tr>
</thead>
<tbody>
<tr>
<td>a bank or building society</td>
<td>• an audited balance sheet which confirms that, in the auditor’s opinion, the firm has no remaining deposit liabilities to customers;</td>
</tr>
<tr>
<td></td>
<td>• a report from auditors or reporting accountants;</td>
</tr>
<tr>
<td>a securities and futures firm</td>
<td>• a report from auditors or reporting accountants</td>
</tr>
<tr>
<td>an insurer</td>
<td>• an audited closing balance sheet which demonstrates that the firm has no insurance liabilities to policyholders;</td>
</tr>
<tr>
<td></td>
<td>• a report from the auditors or reporting accountants; and</td>
</tr>
<tr>
<td></td>
<td>• in some cases, an actuarial opinion as to the likelihood of any remaining liabilities to policyholders.</td>
</tr>
</tbody>
</table>
6.4.17 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).

6.4.18 (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 is not an SMCR firm);

      (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)).

6.4.19 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 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 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.

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 7.11.34 R (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 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)).

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).

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.

The FCA's use of those powers is outlined in DEPP 6 (Penalties).

How long will an application take?

6.4.27 (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.
(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 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.

How will the relevant regulator make the decision?

6.4.28 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 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 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 [deleted]

6.5.2A (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

1. If a firm has Part 4A permission which enables it to hold client money or to carry on regulated activities including:
   
   (a) carrying out contracts of insurance and effecting contracts of insurance; or
   
   (b) accepting deposits;
   
   (c) safeguarding and administration of assets; or
   
   (d) meeting of repayment claims or managing dormant account funds (including the investment of such funds);
   
   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 firm to apply for a variation of Part 4A permission before commencing the wind down.

2. A firm that believes that it may need to apply for a variation of Part 4A permission as a first step towards cancellation of its permission should discuss its plans with its supervisory contact at the relevant regulator.

3. If appropriate, in the interests of its statutory objectives (limited to the operational objectives in the case of the FCA), the appropriate regulator will require details of the firm’s plans and will discuss them with the firm and monitor the winding down or transfer of the firm’s business. During the period in which it is winding down, a firm 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 Part 4A permission has been varied, a firm has wound down its business, complied with any requirements imposed and ceased to carry on regulated activities (or expects to do so within the next six months), it should then make an application for cancellation of its Part 4A permission (see SUP 6.4 (Applications for cancellation of permission)).

Use of own-initiative powers

5. If, for example, the FCA or the PRA has concerns relating to any of the statutory objectives (limited to the operational objectives in the case of the FCA), it may use its own-initiative variation power (see SUP 7 (Individual requirements) and EG 8 (Variation and cancellation of permission on the FCA’s own initiative and intervention against incoming firms)), to vary the Part 4A permission of a firm which is winding down or transferring its regulated activities.

5A If, for example, the appropriate regulator has concerns relating to any of its statutory objectives (limited to the operational objectives in the case of the FCA), it may use its own-initiative requirements power to impose on a firm that is winding down or transferring its regulated activities, any requirement, or vary or cancel a requirement imposed by it on that firm.

Reporting requirements: general

6. If a firm is winding down (running-off) its business, the routine reporting requirements in SUP 16 (Reporting requirements) will apply unless the firm is granted a waiver. In addition, a firm may be asked to submit additional reports, for example, to enable the appropriate regulator to monitor the wind down.

1. If a firm makes an application in accordance with SUP 6 to effect the winding down of regulated activities which it is carrying on including the repayment of client money, or the return of client deposits, custody assets or any other property belonging to clients, the appropriate regulator will expect it to have formal plans to ensure that:

   (1) the regulated activities are wound down in an orderly manner;
### SUP 6: Applications to vary and cancel Part 4A permission and to impose, vary or cancel...

<table>
<thead>
<tr>
<th>2.</th>
<th>Examples of variations of Part 4A permission which may be appropriate in the context of winding down insurance business include:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A firm carrying on insurance business which, ultimately, intends to cease insurance business completely, will first need to apply for a variation of its Part 4A permission while it is running off its business. The firm should apply for a variation of Part 4A permission to remove the activity of effecting contracts of insurance from its permission, thus restricting its activities to carrying out insurance contracts to enable it to run off its remaining insurance liabilities (see SUP 6.2.9 G ).</td>
</tr>
<tr>
<td>2A</td>
<td>A firm may also have imposed on it a new requirement, or any existing requirement imposed on a firm may be varied or cancelled. In the context of winding down insurance business, it may for example be appropriate to impose a requirement on the type of investments a firm holds to support its insurance liabilities.</td>
</tr>
<tr>
<td>3.</td>
<td>An insurer ceasing to effect contracts of insurance is required to submit a scheme of operations in accordance with SUP App 2 (Insurers: scheme of operations). The PRA may require other information depending on the circumstances, for example an actuarial assessment of the firm’s run-off.</td>
</tr>
<tr>
<td>4.</td>
<td>A firm that is ceasing effecting new contracts of insurance in all categories of specified investment should refer to SUP App 2 for details of the specific reporting requirements that apply.</td>
</tr>
<tr>
<td>5.</td>
<td>An insurer should note that the PRA will not cancel a firm’s permission until all the firm’s insurance liabilities have been discharged, including any potential insurance liabilities. A firm is, therefore, advised to submit an application for cancellation of its Part 4A permission when its run-off is completed.</td>
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</table>

#### (2) the regulated activities are properly completed and all client deposits, client money, custody assets or any other property belonging to clients are repaid, returned or transferred to another Authorised person; and |

#### (3) the interests of customers are not adversely affected.

#### 2. [deleted]

| 1. | A firm must comply with CASS 5.5.80 Rand CASS 7.11.34R (Client money: discharge of fiduciary duty) and CASS 7.11.50 R (Allocated but unclaimed client money) if it is ceasing to hold client money. A firm must also cease 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.9) (Information concerning safeguarding of designated investments belonging to clients and client money). These rules apply to both repayment and transfer to a third party. |

#### 2. Examples of variations of Part 4A permission which may be appropriate in the context of winding down insurance business include: |

| (1) | removing one or more regulated activities (for example, when a firm which has Part 4A permission to carry on insurance business enters into run-off, its Part 4A permission will need to be varied to remove the activity of effecting contracts of insurance in relation to new contracts of insurance); a new contract of insurance excludes contracts effected under a term of a subsisting contract of insurance. Thus the firm’s permission will be restricted to carrying out contracts of insurance to enable it to run off its existing liabilities; or |

| (2) | imposing a limitation on regulated activities in a firm’s Part 4A permission. |

#### 2A A firm may also have imposed on it a new requirement, or any existing requirement imposed on a firm may be varied or cancelled. In the context of winding down insurance business, it may for example be appropriate to impose a requirement on the type of investments a firm holds to support its insurance liabilities. |

#### 3. An insurer ceasing to effect contracts of insurance is required to submit a scheme of operations in accordance with SUP App 2 (Insurers: scheme of operations). The PRA may require other information depending on the circumstances, for example an actuarial assessment of the firm’s run-off. |

#### 4. A firm that is ceasing effecting new contracts of insurance in all categories of specified investment should refer to SUP App 2 for details of the specific reporting requirements that apply. |

#### 5. An insurer should note that the PRA will not cancel a firm’s permission until all the firm’s insurance liabilities have been discharged, including any potential insurance liabilities. A firm is, therefore, advised to submit an application for cancellation of its Part 4A permission when its run-off is completed. |

#### 1. 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 in addition to applying to the relevant regulator. |

#### 2. Where a firm has Part 4A permission to manage the underwriting capacity of a Lloyd’s syndicate as a managing agent at Lloyd’s then, if it wishes to vary its Part 4A permission to remove this regulated activity or to cancel its Part 4A permission completely, special procedures will apply. |

#### 3. (1) As a first step, the firm should apply to the relevant regulator for a variation of its Part 4A permission to limit the regulated activity, after the Lloyd’s syndicates have been closed, to permit no new business. Once the syndicates have been closed, the firm’s consent from the Society to manage syndicates will also lapse.
SUP 6 : Applications to vary and cancel Part 4A permission and to impose, vary or cancel...

(2) After a period of one year from the date of closure of the Lloyd's syndicates the firm may apply to vary its Part 4A permission, to remove the regulated activity or to cancel its Part 4A permission entirely, as appropriate. At this time, a firm’s approval from the Society of Lloyd’s as a managing agent will cease.

4. Firms which wish to discuss these procedures in more detail should contact their appropriate supervisory contact and the Society of Lloyd’s, as appropriate.

1. As stated in SUP 6.2.9 G, where a bank, or other firm with permission that includes accepting deposits, wishes to cancel its Part 4A permission, it will generally need to apply for a variation of that permission while it winds down its business.

2. When a firm is winding down its business activities, it may be appropriate to:
   (1) vary its Part 4A permission by imposing a limitation that no new deposits will be accepted; or
   (2) vary its Part 4A permission by imposing a limitation on the purchasing of investments for its own account; or
   (3) impose on it requirements concerning solvency.

3. After a bank has discussed with the appropriate regulator the type of variation of Part 4A permission and/or requirement the bank requires to wind down its business, it should make an application as directed in SUP 6.3.15 D and follow the guidance 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 firm:
   (1) a requirement that the firm 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;
   (2) a limitation on accepting deposits, for example a limitation that no new deposits will be accepted;
   (3) a requirement restricting the granting of credit or the making of investments;
   (4) a requirement prohibiting the firm from soliciting deposits either generally or from persons who are not already depositors.

5. The information concerning the circumstances of these applications and the confirmations a firm is required to give to the regulator(s) concerned will differ according to the nature of the bank and its Part 4A permission. If appropriate, it may include, but will not necessarily be limited to:
   (1) a plan containing the arrangements made in respect of the business of any current depositors, for example how and when the firm intends to repay or novate arrangements with depositors; or
   (2) confirmation that the bank will not take any new deposits, will not roll over or renew any existing deposits at maturity and will repay all remaining deposits (including accrued interest) as they fall due for repayment.

Dealing with residual deposits: general

6. Where a firm has residual deposits 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 firm. The appropriate regulator’s supervisory approach will be determined by the course of action taken.

Holding funds on trust

7. In some circumstances, it may be appropriate for the firm to make an irrevocable transfer of funds, at least equal to the total of its deposits, to an independent trustee to be held on trust for the benefit of the depositors. Any such proposal should be discussed in advance with the appropriate regulator. The amount of funds held on trust should at all times exceed the total of all deposits, in order to provide for contingencies. Trust account arrangements are appropriate only in respect of solvent institutions. The guidance in paragraph 13 of this section applies in most cases.

8. (1) A plan containing the arrangements should be made by the firm in respect of the business of any current depositors, for example how and when the firm intends to repay or novate arrangements with depositors.
   (2) The trustee should be an independent and appropriately qualified third party, nominated by the institution and acceptable to the appropriate regulator.
(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

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)
SUP 6: Applications to vary and cancel Part 4A permission and to impose, vary or cancel...
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 - Forms/sup/cancellation_form_20130401.doc
SUP 6 : Applications to vary and cancel Part 4A permission and to impose, vary or cancel...
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 The application of this chapter to an incoming EEA firm, incoming Treaty firm or UCITS qualifier with a Part 4A permission (a "top-up permission") is limited as explained in SUP 7.2.4 G.

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.
The FCA's powers to set individual requirements and limitations on its own initiative

7.2.1 The FCA has the power under sections 55J and 55L of the Act to vary a firm's Part 4A permission and/or impose a requirement on a firm. Varying a firm's Part 4A permission includes imposing a limitation on that Part 4A permission.

7.2.2 The circumstances in which the FCA may vary 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; or

(2) it is desirable to vary 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 a regulated activity to which its Part 4A permission applies for a period of at least 12 months.

7.2.3 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.

7.2.4 The FCA may use its own-initiative powers 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. In respect of an incoming EEA firm, an incoming Treaty firm, or a UCITS qualifier, this power applies only in relation to any top-up permission that it has. There are similar but more limited powers under Part XIII of the Act in relation to the permission of an incoming EEA firm or incoming Treaty firm under Schedules 3 or 4 to the Act (see EG 8.26 to EG 8.27).

7.2.4A 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 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 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.

7.2.6 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.
7.3 Criteria for varying a firm's permission or imposing, varying or cancelling requirements on the FCA's own initiative

7.3.1 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 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.
7.3.3 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 The FCA will seek to give a firm reasonable notice of an intent to vary its permission or impose a requirement and 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.
Chapter 8

Waiver and modification of rules
SUP 8 : Waiver and modification of rules

Section 8.1 : Application and purpose

8.1 Application and purpose

8.1.1 [deleted]

8.1.1-A 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 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 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 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).

Purpose

8.1.4 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 depositary (in the case of an ACS) or the ICVC and its depositary (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.
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8.3 Applying for a waiver

Conditions for giving a waiver

8.3.1 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 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, such as whether the waiver would be compatible with European law, including relevant EC Directives.

Publication of waivers

8.3.2 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 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 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).

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(6) [Deleted]
(7) [Deleted]
(a) [Deleted]
(b) [Deleted]

8.3.3A  

(1) The appropriate regulator’s preferred method of submission for waiver applications is by e-mail.
(2) The form is available on the appropriate regulator’s website.

8.3.4  

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  

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  

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  

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  

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  

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

8.3.8 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 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

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

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.

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

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.
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

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 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 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 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 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 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 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 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 (for example, the confidentiality obligations in the Single Market Directives); and

(4) to consider whether the publication of the waiver would be detrimental to the stability of the UK financial system.

8.6.3 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 In making waiver applications under section 250 of the Act or regulation 7 of the OEIC Regulations, SUP 8.6.2 G (2) should be read in application to rules in COLL as if the word "commercial" were omitted.

8.6.5 In considering whether commercial interests would be prejudiced to an unreasonable degree (see SUP 8.6.2 G (2)), the appropriate regulator will weigh the prejudice to firms’ commercial interests against the interests of consumers, markets and other third parties in disclosure. In doing so the appropriate regulator will consider factors such as the extent to which publication of the waiver 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 firm’s own intellectual property. In line with section 138B(5) of the Act, the appropriate regulator will also consider whether prejudice to a firm’s commercial interests could be avoided or mitigated by publication of the waiver without disclosing the identity of the firm.

8.6.6 The appropriate regulator may consider publication unnecessary where, for example, the waiver relates to a minor matter that does not affect any third party and is unlikely to be of relevance or interest to other firms.

Firm’s objection to publication

8.6.7 If, after taking into account the matters in SUP 8.3.3 D to SUP 8.6.6 G, a firm believes there are good grounds for the appropriate regulator either to withhold publication or to publish the waiver without disclosing the identity of the firm, it should make this clear in its application. If the appropriate regulator proposes to publish a waiver against the wishes of the firm, the appropriate regulator will give the firm the opportunity to withdraw its application before the waiver is given.

Withholding publication for a limited period

8.6.8 A decision to withhold a waiver or identity of a firm from publication may be for a limited period only, usually as long as the duration of the relevant grounds for non-publication. If the appropriate regulator proposes to publish information about a waiver that had previously been withheld, it will first give the firm an opportunity to make representations.

Means of publication

8.6.9 The principal means of publication of waiver information will be the appropriate regulator’s website.
8.7 Varying waivers

8.7.1 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 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 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 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 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 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 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.
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 - Forms/sup/SUP_8_ann_2D_w_form_20181001.pdf
Chapter 8A

Directions and determinations by the FCA waiving, varying or disapplying CCA requirements
8A.1 Application, purpose and interpretation

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.

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.

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 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 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 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 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
(b) the information provided to debtors or hirers before those agreements are made;
the requirement can be dispensed with without prejudicing the interests of debtors or hirers; and

(2) any conditions imposed by the FCA in making the determination are complied with.

8A.2.5 A determination under 64(4) of the CCA may only be made in respect of agreements specified in the Consumer Credit (Notice of Cancellation Rights) (Exemptions) Regulations 1983.

Directions under section 101(8) of the CCA

8A.2.6 If on an application made to the FCA by a firm carrying on a consumer hire business, it appears to the FCA that it would be in the interests of hirers to do so, the FCA may direct that subject to such conditions (if any) as it may specify, section 101 of the CCA shall not apply to consumer hire agreements made by that firm.

Transitional provision

8A.2.7 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 FCA:

(1) a direction given under section 60(3) of the CCA (form and content of agreements);

(2) a determination made under section 64(4) of the CCA (duty to give notice of cancellation rights) and the Consumer Credit (Notice of Cancellation Rights) (Exemptions) Regulations 1983;

(3) a direction given under section 101(8) or (8A) of the CCA (right to terminate hire agreement).
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.
If the FCA decides not to give a direction or a determination, it will give reasons for the decision.

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.
8A.4 Notification of altered circumstances relating to directions or waivers

8A.4.1 A firm which has applied for or has been granted a direction or determination must notify the FCA immediately if it becomes aware of any matter which could affect the continuing relevance or appropriateness of the application or the direction or determination.

8A.4.2 Firms are also referred to SUP 15.6 (Inaccurate, false or misleading information). This requires a firm to notify the FCA if false, misleading, incomplete or inaccurate information has been provided (see SUP 15.6.4 R). This would apply in relation to information provided in an application for a direction or a determination.
8A.5 Revoking or varying directions and determinations

8A.5.1 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
9.1 Application and purpose

Application

9.1.1 This chapter applies to:

(a) every firm;
(b) persons that are subject to the requirements of the Part 6 rules; and
(c) persons generally.

9.1.2 ■ 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 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 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 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 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 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 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 The FCA does not expect to enter into discussions on a ‘no-name’ basis about the affairs of an individual person.

9.2.4A [deleted]

The FCA’s response to a reasonable request

9.2.5 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**

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 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 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, for example individual capital guidance for IFRU investment firms or BIPRU firms; further guidance on how and when the FCA may give individual capital guidance on financial resources is contained in the Prudential Standards part of the Handbook:
(a) for a BIPRU firm: GENPRU 1.2 and BIPRU 2.2;
(b) [deleted]
(c) for a securities and futures firm (or other firm required to comply with IPRU(INV) 3): IPRU(INV) 3-79R; and
(d) [deleted]
(e) for an IFPRU investment firm: IFPRU 2.2. and 2.3.

9.3.3 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 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 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 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 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 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.
10A.1 Application

General

10A.1.1 R This chapter applies to every:

(1) firm that is not an SMCR firm; and

(2) SMCR firm, but only to the extent required by SUP 10A.1.16R (Appointed representatives).

other than a firm which has permission to carry on only regulated claims management activities.

10A.1.1A G SUP 10C deals with the approved persons regime for SMCR firms themselves.

10A.1.2 G This chapter is also relevant to every FCA-approved person:

(1) of a firm that is not an SMCR firm; and

(2) of any appointed representative, including of an appointed representative of an SMCR firm.

10A.1.3 G The rules in this chapter specify descriptions of FCA controlled functions under section 59 of the Act (Approval for particular arrangements).

10A.1.4 G The directions in this chapter relate to the manner in which a firm must apply for the FCA’s approval under section 59 of the Act and other procedures.

Overseas firms: UK services

10A.1.5 R This chapter does not apply to an overseas firm in relation to regulated activities which are carried on in the United Kingdom other than from an establishment maintained by it or its appointed representative in the United Kingdom.

Overseas firms: UK establishments

10A.1.6 R Only the following FCA controlled functions apply to an overseas firm which maintains an establishment in the United Kingdom from which regulated activities are carried on:

(1) the director function where the person performing that function:
(a) has responsibility for the regulated activities of a UK branch which are likely to enable him to exercise significant influence over that branch; or

(b) is someone whose decisions or actions are regularly taken into account by the governing body of that branch;

(2) the non-executive director function where the person performing one of those functions:

(a) has responsibility for the regulated activities of a UK branch which is likely to enable him to exercise significant influence over that branch; or

(b) is someone whose decisions or actions are regularly taken into account by the governing body of that branch;

(3) the chief executive function;

(4) the FCA required functions;

(5) the systems and controls function;

(6) the significant management function in so far as the function 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

(7) the customer function.

**Incoming EEA firms, incoming Treaty firms and UCITS qualifiers**

This chapter does not apply to:

(1) an incoming EEA firm; or

(2) an incoming Treaty firm; or

(3) a UCITS qualifier;

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, under any of the Single Market Directives, the Treaty, the UCITS Directive, the auction regulation or the benchmarks regulation, to an authority in a country or territory outside the United Kingdom.

SUP 10A.1.7 R reflects the provisions of section 59(8) of the Act and, in relation to an incoming Treaty firm and a UCITS qualifier, the Treaty and the UCITS Directive. It preserves the principle of Home State prudential regulation. In relation to an incoming EEA firm exercising an EEA right, or an incoming Treaty firm exercising a Treaty right, the effect is to reserve to the Home State regulator the assessment of the fitness and propriety of a person performing a function in the exercise of that right. A member of the
governing body, or the notified UK branch manager, of an incoming EEA firm, acting in that capacity, will not therefore have to be approved by the FCA under the Act.

(2) [deleted]

10A.9 Notwithstanding §SUP 10A.1.8 G, an incoming EEA firm or incoming Treaty firm will have had to consider the impact of the Host State rules with which it is required to comply when carrying on a passported activity or Treaty activity through a branch in the United Kingdom. An incoming EEA firm will have been notified of those provisions under Part II of Schedule 3 to the Act in the course of satisfying the conditions for authorisation in the United Kingdom.

10A.10 An incoming EEA firm will have to consider, for example, the position of a branch manager based in the United Kingdom who may also be performing a function in relation to the carrying on of a regulated activity not covered by the EEA right of the firm. In so far as the function is within the description of an FCA controlled function, the firm will need to seek approval for that person to perform that FCA controlled function.

Incoming EEA firms: passported activities from a branch

10A.11 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:

(1) the money laundering reporting function;

(2) the significant management function, in so far as the function 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 other than where this relates to the function in §SUP 10A.10.7R (4) and §(7).

10A.12 [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

A person does not perform the significant management function for a firm under SUP 10A.1.11 R or SUP 10A.1.13 R if that person would not have been treated as performing any FCA controlled function for that firm if that firm had been a UK firm.

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. SUP 10A.1.15 R 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.

2. The conditions are that:
   a. the scope of appointment of the appointed representative includes insurance distribution activity in relation to non-
investment insurance contracts or credit-related regulated activity, but no other regulated activity; and

(b) the principal purpose of the appointed representative is to carry on activities other than regulated activities.

This chapter applies to an appointed representative that has a limited permission to carry on a regulated activity prescribed for the purposes of section 39(1E)(a) of the Act as follows:

(1) FCA controlled functions apply to the appointed representative as set out in ■SUP 10A.1.15 R and ■SUP 10A.1.16 R 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;

(2) (a) unless it is a not-for-profit debt advice body, the apportionment and oversight function applies in relation to the carrying on of the regulated activity for which it has limited permission;

(b) if it is a not-for-profit debt advice body and a CASS large debt management firm, the CASS operational oversight function applies in relation to the carrying on of debt management activity.

■SUP 10A.1.15 R and ■SUP 10A.1.16 R apply to the appointed representative of an SMCR firm.

References in this chapter to a firm include an SMCR firm, but only to the extent required by ■SUP 10A.1.16BR.

References in ■SUP 10A.1.15 R and ■SUP 10A.1.16 R to FCA governing functions and other controlled functions are to controlled functions in this chapter, not in ■SUP 10C (FCA senior managers regime for approved persons in SMCR firms).

(1) Under section 59(6A) of the Act, if the FCA is satisfied that, in relation to the carrying on of a regulated activity by an SMCR firm, a controlled function is a senior management function, the FCA must designate the function in its rules as a senior management function.

(2) Generally, the FCA does not think that a person performing a function in ■SUP 10A.1.16BR will have sufficient responsibility for managing the affairs of the appointed representative’s principal (as opposed to managing the affairs of the appointed representative itself) to perform a senior management function.

(3) Therefore:

(a) the FCA has not designated any of the functions in ■SUP 10A.1.16BR as a senior management function; and
(b) none of the functions in SUP 10A.1.16BR are designated senior management functions.

(4) SUP 10C.1.8G (Appointed representatives) explains that it is unlikely that SUP 10C (FCA senior managers regime for approved persons in SMCR firms) will apply to approved persons working in appointed representatives of an SMCR firm in addition to this chapter.

Members of a profession

10A.1.17 R

(1) This chapter, except in respect of the FCA required functions, does not apply to an authorised professional firm 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 (other than the apportionment and oversight function) only.

Oil market participants, service companies, energy market participants, subsidiaries of local authorities or registered social landlords and insurance intermediaries.

10A.1.18 R

The descriptions of FCA significant-influence functions, other than the FCA required functions, and, if the firm is a MiFID investment firm, the FCA governing functions do not extend to activities carried on by a firm whose principal purpose is to carry on activities other than regulated activities and which is:

(1) an oil market participant; or

(2) a service company; or

(3) an energy market participant; or

(4) a wholly owned subsidiary of:
   (a) a local authority; or
   (b) a registered social landlord; or

(5) a firm with permission to carry on insurance distribution activity in relation to non-investment insurance contracts but no other regulated activity (except advising on P2P agreements).

10A.1.19 G

It will be a matter of fact in each case whether, having regard to all the circumstances, including in particular where the balance of the business lies, a firm’s principal purpose is to carry on activities other than regulated activities. If a firm wishes to rely on SUP 10A.1.18 R, it should be in a position to demonstrate that its principal purpose is to carry on activities other than regulated activities.
Insolvency practitioners

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;

(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.

Bidders in emissions auctions

For a firm that is exempt from MiFID under article 2(1)(j) and whose only permission is bidding in emissions auctions, the only FCA controlled functions that apply to it are:

(1) the FCA governing functions;

(2) the money laundering reporting function; and

(3) the customer function.

(4) [deleted]

This is because the FCA-approved person regime specifies a number of functions by incorporation of requirements in SYSC; however, a firm carrying on auction regulation bidding is only subject to SYSC to a limited extent in relation to that activity. This means that the FCA required functions do not apply to auction regulation bidding, except for the money laundering reporting function. Similarly, the significant management function does not apply in relation to auction regulation bidding because, in carrying on that activity, a firm is not subject to SYSC 4.1.1 R and is not undertaking proprietary trading.

Benchmark activities

(1) For a firm which only has a permission for administering a benchmark, the following FCA controlled functions do not apply:

(a) the apportionment and oversight function;

(b) the compliance oversight function;

(c) the money laundering reporting function; and

(d) the systems and controls function.

(2) That is because:

(a) the FCA controlled functions in (a) to (c) above do not apply because those functions are specified by incorporation of
requirements in SYSC and the relevant parts of SYSC do not apply in relation to benchmark activities (which includes administering a benchmark);

(b) the FCA controlled function in (d) above does not apply in relation to benchmark activities (see SUP 10A.8.2R).

(3) The functions in (a) to (d) still apply to a firm which administers a benchmark as well as carrying on other regulated activities. However, they do not apply in respect of its activities as a regulated benchmark administrator.

(4) Various other FCA controlled functions are only relevant to firms which carry on particular types of activity and will not be relevant to a firm (F) which does not carry on any regulated activities other than administering a benchmark. For instance:

(a) the CASS operational oversight function will not be relevant to F because that function is only relevant to CASS medium firms CASS large firms and CASS large debt management firms; F will not hold client money and will therefore not be a CASS medium firm, a CASS large firm or a CASS large debt management firm;

(b) the customer function involves performing various types of activity none of which would be performed by a firm which does not carry on any regulated activities other than administering a benchmark;

(c) the small friendly society function will only be relevant to certain firms.

(5) The functions in SUP 10A.1.21AG(1)(a) to (d) do not apply to a benchmark contributor in relation to its contribution of input data to a BMR benchmark administrator.

(6) That is because:

(a) the functions in SUP 10A.1.21AG(1)(a) to (c) are specified by incorporation of requirements in SYSC and the relevant parts of SYSC do not apply in relation to benchmark activities (which includes contributing input data to a BMR benchmark administrator); and

(b) the FCA controlled function in SUP 10A.1.21AG(1)(d) above does not apply in relation to benchmark activities (see SUP 10A.8.2R).

In accordance with section 59(7C) of the Act this chapter does not apply to an internally managed AIF which is a body corporate and not a collective investment scheme.
Credit firms with limited permission

(1) Subject to (2) and (3), this chapter, except in respect of the apportionment and oversight function, does not apply to a firm that has limited permission in relation to the carrying on of the relevant credit activity (as defined in paragraph 2G of Schedule 6 to the Act) for which it has limited permission.

(2) Subject to (3), this chapter does not apply to a not-for-profit debt advice body.

(3) This chapter applies to a not-for-profit debt advice body that is a CASS large debt management firm with respect to the CASS operational oversight function only.

Claims management exclusions

For the purposes of SUP 10A.1.13R, SUP 10A.1.18R, SUP 10A.6.23R (Partner function (CF4)) and SUP 10A.6.31R (Small friendly society function (CF6)), a regulated claims management activity is treated as an unregulated activity.

A function performed by a person (A) in relation to a firm (B), whose permission includes a regulated claims management activity, is not a controlled function when performed by A in relation to B if:

(1) A is not the subject of a current FCA approved person approval for that controlled function in relation to B;

(2) that function would otherwise have been a controlled function but for this rule; and

(3) that function would not have been a controlled function in relation to A and B if articles 89G to 89M of the Regulated Activities Order (regulated claims management activities) were not in the Regulated Activities Order.

SUP 10A.1.25R also applies to a firm whose permission only includes regulated claims management activities and relevant credit activities.

SUP 10A.1.28R to SUP 10A.1.30R mean a firm whose permission includes a regulated claims management activity will not need to seek additional approved person approvals, because those activities became regulated activities in April 2019.

SUP 10A.1.28R to SUP 10A.1.30R are not relevant to a firm which has permission to carry on only regulated claims management activities because SUP 10A.1.1R excludes it from this chapter altogether.
10A.2 Purpose

10A.2.1 The immediate purpose of SUP 10A.3 to SUP 10A.11 is to specify, under section 59 of the Act, descriptions of the FCA controlled function 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".

10A.2.2 [deleted]

10A.2.3 [deleted]
10A.3 Provisions related to the Act

10A.3.1 A function 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.

10A.3.2 Sections 59(1) and (2) of the Act provide that approval is necessary in respect of 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.

10A.3.3 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 and includes the appointment of a person to an office, his becoming a partner, or his employment (whether under a contract of service or otherwise). For the provisions in this chapter relating to outsourcing, see SUP 10A.13.5 G and SUP 10A.13.6 G.

10A.3.4 If, however, a firm is a member of a group, and the arrangements for the performance of an FCA controlled function of the firm are made by, for instance, the holding company, the person performing the function will only require approval if there is an arrangement (under section 59(1)) or a contract (under section 59(2)) between the firm and holding company permitting this. This need not be a written contract but could arise, for example, by conduct, custom and practice.

10A.3.5 The arrangement must be “in relation to” the carrying on of a regulated activity. Regulated activities are defined in the Glossary by reference to the Regulated Activities Order. This order prescribes the activities which are regulated activities for the purposes of the Act.
10A.4 Specification of functions

10A.4.1 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 The table of FCA controlled functions applies in relation to an FCA-authorised person. It also applies in relation to an appointed representative for the purposes of SUP 10A.1.15 R to SUP 10A.1.16BR (Appointed representatives) whether its principal is an FCA-authorised person or a PRA-authorised person.

10A.4.2A [deleted]

10A.4.3 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 FCA controlled functions

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<td><strong>Significant management function</strong>*</td>
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<tr>
<th>Type</th>
<th>CF</th>
<th>Description of FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer-dealing function</strong></td>
<td>30</td>
<td><strong>Customer function</strong></td>
</tr>
<tr>
<td><em>FCA significant-influence functions</em></td>
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</tbody>
</table>
10A.5 Significant-influence functions

What are the FCA significant-influence functions?

10A.5.1 The FCA significant-influence functions, which are specified in [SUP 10A.4.1 R, comprise the FCA governing functions ([SUP 10A.6]), the FCA required functions ([SUP 10A.7]), the systems and controls function ([SUP 10A.8]) and the significant management function ([SUP 10A.9]). [SUP 10A.5 applies to each of the FCA significant-influence functions.]

Definition of FCA significant-influence function

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

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

10A.5.4 [deleted]

10A.5.5 Whether an FCA controlled function is likely to result in the person responsible for its performance exercising significant influence on the conduct of the firm's affairs is a question of fact in each case. The FCA has identified the FCA significant-influence functions as satisfying this condition.

Periods of less than 12 weeks

10A.5.6 If:

(1) a firm 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

(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 • 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 firm should apply for approval.
**10A.6  FCA governing functions**

**Introduction**

10A.6.1  
(1) Every firm 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  
A sole trader does not fall within the description of the governing functions.

10A.6.2A  
[deleted]

**What the FCA governing functions include**

10A.6.3  
Each of the FCA governing functions includes:

(1) (where apportioned under SYSC 4.3.1 R and SYSC 4.4.3 R (or, for a full-scope UK AIFM apportioned under article 60(1) of the AIFMD level 2 regulation))

   (a) the systems and controls function (if it applies to the firm); and

   (b) the significant management function;

(2) (in respect of bidding in emissions auctions) that part of the customer function specified in SUP 10A.10.7R (7) (bidder’s representative).

This does not apply to the non-executive director function or the function described in SUP 10A.6.8 R.

10A.6.4  
(1) The effect of SUP 10A.6.3 R is that a person who is approved to perform an FCA governing function will not have to be specifically FCA-approved to perform the systems and controls function or the significant management function or the part of the customer function specified in SUP 10A.10.7R (7). However, a person who is approved to perform an FCA governing function will have to be additionally FCA-
approved before he can perform any of the FCA required functions or the customer function (except the part specified in SUP 10A.10.7 R (7)).

(2) ■ SUP 10A.6.3 R does not apply to the non-executive director function. It does not apply to the director function if the only part of that function that the FCA-approved person is performing is the function described in ■ SUP 10A.6.8 R.

10A.6.5 G See ■ MIPRU 2.2 for how the FCA's approved persons regime is adjusted for a firm carrying on insurance distribution activity.

10A.6.6 G [deleted]

**Director function (CF1)**

10A.6.7 R If a firm 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 firm.

10A.6.8 R (1) If a firm 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:

(a) who is a director, partner, officer, member (if the parent undertaking or holding company is a limited liability partnership), senior manager, or employee of a parent undertaking or holding company of the firm; and

(b) whose decisions or actions are regularly taken into account by the governing body of the firm.

(2) (1) does not apply if that parent undertaking or holding company has a Part 4A permission or is regulated by an EEA regulator.

(3) (1) does not apply to the function falling into ■ SUP 10A.6.13 R (non-executive director of the parent undertaking or holding company).

10A.6.9 G Examples of where ■ SUP 10A.6.8 R might apply include (but are not limited to):

(1) a chairman of an audit committee of a parent undertaking or holding company of a UK firm where that audit committee is working for that UK firm (that is, functioning as the audit committee for the group); or

(2) a director (other than a non-executive director) of a parent undertaking or holding company of a UK firm exercising significant influence by way of his involvement in taking decisions for that UK firm; or

(3) an individual (such as a senior manager) of a parent undertaking or holding company of a UK firm who is responsible for and/or has significant influence in setting the objectives for and the remuneration of executive directors of that UK firm; or
(4) an individual who is a director (other than a non-executive director) or a senior manager of a parent undertaking or holding company of a UK firm who is accustomed to influencing the operations of that UK firm, and acts in a manner in which it can reasonably be expected that an executive director or senior manager of that UK firm would act; or

(5) an individual of an overseas firm which maintains an establishment in the United Kingdom from which regulated activities are carried on, where that individual has responsibilities for those regulated activities which are likely to enable him to exercise significant influence over the UK branch.

10A.6.10 G A director can be a body corporate and may accordingly require approval as an FCA-approved person in the same way as a natural person may require approval.

10A.6.11 G [deleted]

10A.6.11A R [deleted]

Non-executive director function (CF2)

10A.6.12 R If a firm is a body corporate, the non-executive director function is the function of acting in the capacity of a non-executive director of that firm.

10A.6.13 R (1) If a firm is a body corporate, the non-executive director function is also the function of acting in the capacity of a person:

   (a) who is a non-executive director of a parent undertaking or holding company; and

   (b) whose decisions or actions are regularly taken into account by the governing body of the firm.

   (2) However, (1) does not apply if that parent undertaking or holding company has a Part 4A permission or is regulated by an EEA regulator.

10A.6.14 G Examples of where SUP 10A.6.13 R might apply include (but are not limited to):

   (1) an individual who is a non-executive director of a parent undertaking or holding company who takes an active role in the running of the business of a UK firm, for example, as a member of a board or committee (on audit or remuneration) of that firm; or

   (2) an individual who is a non-executive director of a parent undertaking or holding company having significant influence in setting and monitoring the business strategy of the UK firm; or

   (3) an individual who is a non-executive director of a parent undertaking or holding company of a UK firm involved in carrying out
responsibilities such as scrutinising the approach of executive management, performance, or standards of conduct of the UK firm; or

(4) an individual who is a non-executive director of a parent undertaking or holding company of a UK firm who is accustomed to influence the operations of the UK firm, and acts in a way in which it can reasonably be expected that a non-executive director of the UK firm would act; or

(5) an individual who is a non-executive director of an overseas firm which maintains a branch in the United Kingdom from which regulated activities are carried on where that individual has responsibilities for those regulated activities which are likely to enable him to exercise significant influence over the UK branch.
(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 an overseas firm, for the conduct of all of the activities subject to the UK regulatory system.

For a branch in the United Kingdom of an overseas firm, the FCA would not normally expect the overseas chief executive of the firm as a whole to be FCA-approved for this function where there is a senior manager under him with specific responsibility for those activities of the branch which are subject to the UK regulatory system. In some circumstances, the person within the firm responsible for UK operations may, if the function is likely to enable him to exercise significant influence over the branch, also perform the chief executive function (see § SUP 10A.7.4 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 person, each of those persons will be performing the chief executive function.

Note that a body corporate may be a chief executive. If so, it will need to be approved to perform the chief executive function.

[deleted]

Partner function (CF4)

(1) If a firm is a partnership, the partner function is the function of acting in the capacity of a partner in that firm.

(2) If the principal purpose of the firm is to carry on one or more regulated activities, each 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 he has 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 partnership has apportioned responsibility to another partner or group of partners.

Any apportionment referred to in § SUP 10A.6.23R (3)(b) will have taken place under § SYSC 4.3.1 R and § SYSC 4.4.3 R. The FCA may ask to see details of the apportionment but will not require, as a matter of course, a copy of the material which records this.
10A.6.25 G The effect of SUP 10A.1.17 R is that regulated activity in SUP 10A.6.23 R (and elsewhere) is to be taken as not including an activity that is a non-mainstream regulated activity. Therefore, a partner whose only regulated activities are incidental to his professional services, in a partnership whose principal purpose is to carry on other than regulated activities, need not be an FCA-approved person. 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. Any regulated activities which such a partner carries on are not within the description of the partner function.

10A.6.26 R If a firm is a limited liability partnership, the partner function extends to the firm as if the firm were a partnership and a member of the firm were a partner.

10A.6.27 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.

10A.6.28 G [deleted]

Director of unincorporated association function (CF5)

10A.6.29 R If a firm is an unincorporated association, the director of unincorporated association function is the function of acting in the capacity of a director of the unincorporated association.

Small friendly society function (CF6)

10A.6.31 R (1) If a firm is a non-directive friendly society, the small friendly society function is the function of directing its affairs, either alone or jointly with others.

(2) If the principal purpose of the firm is to carry on regulated activities, each person with responsibility for directing its affairs performs the FCA controlled function.

(3) If the principal purpose of the firm is other than to carry on regulated activities, a person performs the small friendly society function only to the extent that he has responsibility for a regulated activity.

10A.6.32 R (1) Each person on the non-directive friendly society’s governing body will be taken to have responsibility for its regulated activities, unless the firm has apportioned this responsibility to one particular individual to whom it is reasonable to give this responsibility.

(2) The individual need not be a member of the governing body.
Typically a non-directive friendly Society will appoint a “committee of management” to direct its affairs. 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. That individual may, for example, have the title of chief executive or similar. The individual would have to be an FCA-approved person under SUP 10A.6.31 R.

In practice, the FCA expects that most non-directive friendly societies will be PRA-authorised persons. Where that is the case, this chapter does not apply and so the small friendly society function will not apply.
10A.7 FCA required functions

Apportionment and oversight function (CF8)

10A.7.1 R

(1) The apportionment and oversight function is the function of acting in the capacity of a director or senior manager responsible for the apportionment function and/or the oversight function set out in § SYSC 4.4.5R.

(2) [deleted]

10A.7.2 G

In requiring someone to apportion responsibility, a common platform firm should not apply for that person or persons to be FCA-approved to perform the apportionment and oversight function (see § SUP 10A.7.1 R and § SYSC 1 Annex 1).

10A.7.3 G

The fact that there is a person performing the apportionment and oversight function, and who has responsibility for activities subject to regulation by the FCA, may have a bearing on whether a manager who is based overseas will be performing an FCA controlled function. It is a factor to take into account when assessing the likely influence of the overseas manager.

10A.7.4 G

Generally, in relation to a UK establishment of an overseas firm or a firm which is part of an overseas group, where an overseas manager’s responsibilities in relation to the United Kingdom are strategic only, they will not need to be an FCA-approved person. However, where, in accordance with § SYSC 4 to § SYSC 10, they are responsible for implementing that strategy in the United Kingdom, and have not delegated that responsibility to a senior manager in the United Kingdom, they are likely to be performing an FCA controlled function for example, the chief executive function.

10A.7.5 G

A firm carrying on insurance distribution activity, other than a sole trader, must allocate to a director or senior manager the responsibility for the firm’s insurance distribution activity (§ MIPRU 2.2.1 R). The firm may allocate this responsibility to the person performing the apportionment and oversight function.

10A.7.6 G

Where the person performing the apportionment and oversight function is also responsible for the firm’s insurance distribution activity, the words “(insurance distribution)” will be inserted after this FCA controlled function (see § MIPRU 2.2.5 G).
Compliance oversight function (CF10)

The compliance oversight function is the function of acting in the capacity of:

(1) a director or senior manager who is allocated the function set out in:

(a) [deleted]

(b) SYSC 6.1.4R(2); or

(c) article 22(3) of the MiFID Org Regulation; or

(d) article 22(3) of the MiFID Org Regulation (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); or

(e) SYSC 6.1.4CR; or

(2) for a full-scope UK AIFM, a person allocated the function in article 61(3)(b) of the AIFMD level 2 regulation.

CASS operational oversight function (CF10a)

In relation to a CASS medium firm and a CASS large firm (other than a CASS large debt management firm), the CASS operational oversight function is the function of acting in the capacity of a person to whom is allocated the function set out in CASS 1A.3.1A R.

In relation to a CASS large debt management firm, the CASS operational oversight function is the function of acting in the capacity of a person to whom is allocated the function in CASS 11.3.4 R.

Money laundering reporting function (CF11)

The money laundering reporting function is the function of acting in the capacity of the money laundering reporting officer of a firm.

A firm’s obligations in respect of its money laundering reporting officer are set out elsewhere in the FCA Handbook (see SYSC 6.3.9 R and for its scope, see the application provisions in SYSC 1 Annex 1).
10A.8 Systems and controls functions

Systems and controls function (CF28)

The systems and controls function is the function of acting in the capacity of an employee of the firm with responsibility for reporting to the governing body of a firm, or the audit committee (or its equivalent) in relation to:

(1) its financial affairs;

(2) setting and controlling its risk exposure (see SYSC 7.1.6R, article 23(2) of the MiFID Org Regulation and article 23(2) of the MiFID Org Regulation (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)); and

(3) adherence to internal systems and controls, procedures and policies (see SYSC 6.2, article 24 of the MiFID Org Regulation and article 24 of the MiFID Org Regulation (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)).

[deleted]

10A.8.2 [deleted]

The systems and controls function does not apply in relation to:

- bidding in emissions auctions carried on by a firm that is exempt from MiFID under article 2(1)(j); or
- benchmark activities.

10A.8.3 [deleted]

10A.8.4 For a full-scope UK AIFM, the requirement to have an employee responsible for reporting to the governing body of the firm or the audit committee for
matters in SUP 10A.8.1R (2) and SUP 10A.8.1R (3) is derived from the AIFMD level 2 regulation, which imposes obligations on such firms to have a permanent risk management function and, where appropriate and proportionate for their business, an internal audit function.
10A.9 Significant management functions

Application

10A.9.1 R

SUP 10A.9 applies only to a firm which:

(1) under SYSC 4.1.1 R, apportions a significant responsibility, within the description of the significant management function, to a senior manager of a significant business unit; or

(2) undertakes proprietary trading.

(3) [deleted]

10A.9.2 G

The FCA anticipates that there will be only a few firms needing to seek approval for an individual to perform the significant management function set out in SUP 10A.9.1R (1). In most firms, those approved for the FCA governing functions, FCA required functions and, where appropriate, the systems and controls function, are likely to exercise all the significant influence at senior management level.

10A.9.3 G

A proprietary trader undertakes activities with the firm's money and has the ability to commit the firm. By virtue of this role, all proprietary traders have potential to be able to exercise significant influence on the firm for the purposes of the definition of significant-influence function. Therefore, it is the FCA's expectation that all firms will assess all their proprietary traders to ascertain the ones for whom approval is required.

10A.9.4 G

The scale, nature and complexity of the firm's business may be such that a firm apportions, under SUP 10A.9.1R (1), a significant responsibility to an individual who is not approved to perform the FCA governing functions, FCA required functions or, where appropriate, the systems and controls function. If so, the firm should consider whether the functions of that individual fall within the significant management function. For the purposes of the description of the significant management functions, the following additional factors about the firm should be considered:

(1) the size and significance of the firm's business in the United Kingdom; for example, a firm carrying on designated investment business may have a large number of approved persons (for example, in excess of 100 individuals);

(2) the number of regulated activities carried on, or proposed to be carried on, by the firm and (if relevant) other members of the group;
(3) its group structure (if it is a member of a group);
(4) its management structure (for example, matrix management); and
(5) the size and significance of its international operations, if any.

When considering whether a business unit is significant, 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 the unit; or
(2) its use or commitment of a firm's capital; or
(3) its contribution to the profit and loss account; or
(4) the number of employees or approved persons in the unit; or
(5) the number of customers of the unit; or
(6) any other factor which makes the unit significant to the conduct of the firm's affairs so far as relating to the regulated activity.

The question may arise whether a manager who is based overseas will be performing the significant management function under SUP 10A.9.9 R and should, therefore, be an FCA-approved person. This is especially true where the firm operates matrix management. The fact there is a person performing the apportionment and oversight function, and who has responsibility for activities subject to regulation by the FCA, may have a bearing on this. It is a factor to take into account when assessing the likely influence of the overseas manager.

Generally, in relation to a branch of a firm, or a firm which is part of an overseas group, where an overseas manager is responsible for strategy, he will not need to be approved for the significant management function. However, where he is responsible for implementing that strategy in the United Kingdom, and has not delegated that responsibility to a senior manager in the United Kingdom, he is likely to be performing that FCA controlled function.

See also SUP 10A.7.3 G to SUP 10A.7.6 G in relation to matrix management.

Significant management function (CF29)

The significant management function is the function of acting as a senior manager with significant responsibility for a significant business unit that:
(1) carries on designated investment business or other activities not falling within (2) to (4);
(2) [deleted]
(2A) carries on credit-related regulated activity;
(3) makes material decisions on the commitment of a firm's financial resources, its financial commitments, its assets acquisitions, its liability management and its overall cash and capital planning;

(4) processes confirmations, payments, settlements, insurance claims, client money and similar matters.

(5) [deleted]

10A.9.10 The significant management function also includes the function of acting as a proprietary trader.

10A.9.11 The significant management function does not include any of the activities described in any other FCA controlled function if that other controlled function applies to the firm.

10A.9.12 A senior manager carrying on the significant management function under SUP 10A.9.9 R with significant responsibility for a significant business unit that carries on activities other than designated investment business for the purposes of SUP 10A.9.9R (1) could, for example, be the head of a unit carrying on the activities of: personal lending, corporate lending, salvage or loan recovery, or proprietary trading, or a member of a committee (that is, a person who, together with others, has authority to commit the firm) making decisions in these functions.

10A.9.13 A proprietary trader also undertakes activities which may have a significant influence on the firm. Such activities may require approval for CF29 under SUP 10A.9.10 R.

10A.9.14 A firm carrying on insurance distribution activity, other than a sole trader, must allocate to a director or senior manager the responsibility for the firm's insurance distribution activity (MiPRU 2.2.1 R). The firm may allocate this responsibility to the person performing the significant management function.

10A.9.15 Where the person performing the significant management function is also responsible for the firm's insurance distribution activity, the words “(insurance distribution)” will be inserted after this FCA controlled function (see MiPRU 2.2.5 G).
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 firm (or by its appointed representative) 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 the carrying on of a regulated activity by a firm (“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 a firm, means a person who is using, or who is or may be contemplating using, any of the services provided by the firm.

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 III of the Regulated Activities Order.
Customer function (CF 30)

The customer function is the function of:

1. Advising on investments other than a non-investment insurance contract (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. Acting in the capacity of an investment manager and carrying on functions connected to this;

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.

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.

The FCA would expect an individual from overseas to be accompanied on a visit to a customer. TC 2.1.9 R (2) 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)).

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 The forms listed in SUP 10A.12.2 are referred to in SUP 10A.12 (Procedures relating to FCA-approved persons) to SUP 10A.17 (Further questions).

10A.12.2 Table: FCA-approved persons forms

<table>
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<tr>
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<th>Handbook requirement</th>
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<tr>
<td>the relevant Form A</td>
<td>The relevant online form on the FCA and PRA’s online notification and application system or the form in SUP 10A Annex 4D (See Note)</td>
<td>Application to perform controlled functions under the approved persons regime</td>
</tr>
<tr>
<td>Form B</td>
<td>SUP 10C Annex 4R</td>
<td>Notice to withdraw an application to perform controlled functions under the approved persons regime</td>
</tr>
<tr>
<td>Form C</td>
<td>SUP 10C Annex 5R</td>
<td>Notice of ceasing to perform controlled functions</td>
</tr>
<tr>
<td>Form D</td>
<td>SUP 10C Annex 6R</td>
<td>Notification of changes in personal information or application details</td>
</tr>
<tr>
<td>Form E</td>
<td>The relevant online form on the FCA and PRA’s online notification and application system system or the form in SUP 10A Annex 8D (See Note)</td>
<td>Internal transfer of an approved person</td>
</tr>
</tbody>
</table>

Note (1): The form in the SUP annex shown is to be used by a firm whose Part 4A permission covers only credit-related regulated activities, and by
**SUP 10A : FCA Approved Persons**

**Section 10A.12 : Procedures relating to FCA-approved persons**

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<tbody>
<tr>
<td><em>other firms</em> only in the event of a failure of the information technology systems used by the FCA. See the relevant &quot;Handbook requirement&quot;. Note (2): Where SUP 10A.1.16BR (appointed representative of an SMCR firm) applies, the version of the form to be used is the one required by SUP 10C (FCA senior managers regime for approved persons in SMCR firms).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**10A.12.3** A summary of the forms and their purposes is in SUP 10A Annex 2.

---

**10A.12.4** Unless the context otherwise requires, in SUP 10A.12 (Procedures relating to FCA-approved persons) to SUP 10A.17 (Further questions) 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.

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**10A.12.5** 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).

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**10A.12.6** 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 Contact Centre. To contact the FCA’s Contact Centre for approved persons enquiries:

1. telephone 0300 500 0597; or
2. e-mail firm.queries@fca.org.uk; or
3. fax 020 7066 0017; or
4. write to:
   Customer Contact Centre
   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 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 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 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.14.4D requires a Form E).

10A.13.3A 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.

10A.13.3B 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 10A.14.4BD applies to that application.

10A.13.4 SUP 10A.16.1 D explains how applications should be submitted.

10A.13.4A When a MiFID investment firm (except a credit institution) notifies the FCA of a change using Form A or Form E, they must also submit the MiFID Article 4 APER Information Form. The details can be found in SUP 10A.14.4BD.

Who should make the application?

10A.13.5 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:

(a) the FCA candidate; or

(b) (where the FCA candidate works for the firm's parent undertaking or holding company) by the firm's parent undertaking or holding company.

(2) Usually this will be the firm that is employing the FCA candidate to perform the FCA controlled function. Where a firm has outsourced the performance of an FCA controlled function, the details of the outsourcing determine where responsibility lies and whom the FCA anticipates will submit FCA-approved persons application forms. SUP 10A.13.6 G describes some common situations. The firm which is outsourcing is referred to as "A" and the person to whom the performance of the FCA controlled function has been outsourced, or which makes the arrangement for the FCA controlled 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 controlled 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. See also SYSC 8.1.1 R.

10A.13.6 Outsourcing arrangements
### Outsourcing arrangements

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<th>Submitting form</th>
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<tr>
<td><strong>Firm A to Firm B</strong></td>
<td><strong>Firm B submits FCA-approved persons forms on behalf of Firm A</strong></td>
</tr>
</tbody>
</table>

### Outsourcing by A to B

(both being a member of the same United Kingdom group and each having its registered office in the United Kingdom)

(i) A to B, where B is a non-authorised person not part of the same group as A

(ii) A to B, where A is a branch of an overseas firm in the United Kingdom, and B is an overseas undertaking of the same group

(iii) A to B, where A is a UK authorised subsidiary of an overseas firm and B is an overseas undertaking of the same group

### Processing an application

#### 10A.13.7

Where the notification of an appointed representative (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 FCA’s approval of the individuals employed by that appointed representative who will be performing FCA controlled functions for the firm.

#### 10A.13.8

The Act sets out the time that the FCA has to consider an application and come to a decision.

#### 10A.13.9

In any case where the application for approval is made by a person applying for permission under Part 4A of the Act, 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
10A.13.10 In any other case it is the period of three months from the time it receives a properly completed application.

10A.13.11 The FCA must either grant the application or, if it proposes not to grant an application, issue a warning notice (see DEPP 2). 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, if an application is incomplete when received, or the FCA 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 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 FCA candidate’s suitability to be approved to undertake an FCA controlled function will be called into question. 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.

10A.13.13 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.

10A.13.14 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.

10A.13.15 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 controlled 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 controlled function applied for.

10A.13.16 For further guidance on criteria for assessing whether a FCA candidate is fit and proper, see FIT.
Decisions on applications

10A.13.17 [G] Whenever it grants an application, the FCA will confirm this in writing to all interested parties.

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 an FCA-approved person or a PRA-approved person is ceasing to perform FCA controlled functions or a PRA controlled function, as well as applying for approval in respect of FCA controlled functions within the same firm or 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 for a firm for which they already perform an FCA controlled function as an approved person 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.14.4 D (1) A firm must 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 controlled functions within the same firm or 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 for that firm or 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.

(1) The MiFID authorisation and management body change notification ITS requires that MiFID investment firms (except credit institutions) submit the Annex III information on the ESMA template 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 10A.14.48D explains how this requirement fits in with the requirement to submit a Form A or Form E.

(4) [deleted]

(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) notify the appropriate regulator of information about members of its management body by filling in the template set out in Annex II 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) The requirement in SUP 10A.14.4BD to fill in the MiFID Article 4 SMR Information Form along with a Form A or Form E does not apply.

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 MiFID authorisation and management body change notification ITS; and

(2) that change also requires the firm to apply for approval for that member or person to perform an FCA controlled function;

the firm must submit to the FCA the completed form found in SUP 10A Annex 10D (MiFID Article 4 APER Information Form) at the same time as submitting the Form A or Form E about a the candidate.

MiFID investment firms (except credit institutions) who submit:

(1) Form A and/or E; and

(2) the MiFID Article 4 APER Information Form about a candidate may complete the Annex III template outlined in SUP 10A.14.4AG(1) 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.

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

Moving between firms

If it is proposed that an FCA-approved person will no longer be performing an FCA controlled function under an arrangement entered into by one firm or one of its contractors, but will be performing the same or a different FCA controlled 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 controlled function by that person.

[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 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 within the same firm or 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.14.9 G Sup 10A.16.2 R explains how notifications should be submitted.

10A.14.9A 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 MiFID authorisation and management body change notification ITS on the ESMA template 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 10A.14.4AG to Sup 10A.14.4CG 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).

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 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 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.
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.

A firm is responsible for notifying the FCA if any FCA-approved person has ceased to perform an FCA controlled function under an arrangement entered into by its appointed representative or former appointed representative.

A firm can submit Form C or Form E and the MiFID Article 4 APER Information Form 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.

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

If an FCA-approved person's title, name or national insurance number changes, the firm for which the person performs an FCA controlled 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.

The duty to notify in SUP 10A.14.15 R does not apply to changes to an FCA-approved person’s private address.

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.

SUP 10A.16.2 R applies to the submission of Form D.

Failing to disclose relevant information to the FCA may be a criminal offence under section 398 of the Act.

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.
(1) If, in relation to a firm which has completed the relevant Form A (SUP 10A Annex 4D), 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 (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;
- requests a reference from a firm (B) that is P’s current or former employer; and
- indicates to B the purpose of the request;

B should, as soon as reasonably practicable, give a reference to A.

(2) This applies even if A is a firm to which SUP 10C (FCA senior managers regime for approved persons in SMCR firms) applies rather than this chapter.

(3) [deleted]

10A.15.2 [deleted]

10A.15.3 [deleted]

10A.15.3A [deleted]

The need for complete and accurate information

10A.15.4 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 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.

10A.15.5 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

(1) This direction applies to an application under Form A or Form E.

(2) Subject to (2A), an application by a firm must be made by submitting the Form online at fca.org.uk using the form specified on the FCA's and PRA's online notification and application system.

(2A) An application by a firm whose application for permission or whose Part 4A permission covers only credit-related regulated activities must be made using the form in ■ SUP 10A Annex 4 or ■ SUP 10A Annex 8 and must be submitted in the way set out in ■ SUP 15.7.4 R to ■ SUP 15.7.9 G (Form and method of notification).

(3) [deleted]

(4) Where a firm is obliged to submit an application online under (2), if the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored a firm must use the form in ■ SUP 10A Annex 4D or ■ SUP 10A Annex 8D 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).

(5) An application by a firm in relation to a controlled function to which ■ SUP 10A.1.16BR (appointed representative of an SMCR firm) applies must be made in accordance with ■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA) and not this section.

10A.16.2 This rule applies to a notification under Form C or Form D.

(2) A notification must be made in accordance with ■ SUP 10A.16.1 D, except that the annexes in which the forms are to be found are ■ SUP 10C Annex 5R or ■ SUP 10C Annex 6R, rather than the Annexes mentioned in ■ SUP 10A.16.1 D.

(3) A notification by a firm in relation to a controlled function to which ■ SUP 10A.1.16BR (appointed representative of an SMCR firm) applies must be made in accordance with ■ SUP 10C.15 (Forms and other documents and how to submit them to the FCA) and not this section.

■ SUP 10A.16.2R(3) also applies to Form B in relation to a controlled function to which ■ SUP 10A.1.16BR (appointed representative of an SMCR firm) applies.
10A.16.3 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 online submission is unavailable and that the alternative methods of submission set out in SUP 10A.16.1D (4) and SUP 15.7.4 R to SUP 15.7.9 G (Form and method of notification) should be used.

10A.16.4 Where SUP 10A.16.1D (4) or the equivalent situation under SUP 10A.16.2 R applies to a firm, GEN 1.3.2 R (Emergency) does not apply.
A list of frequently asked questions and answers is at SUP 10A Annex 1.

If the firm or its advisers have further questions, they should contact the FCA’s Contact Centre (see SUP 10A.12.6 G).
## Frequently asked questions

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<th>Question</th>
<th>Answer</th>
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<td><strong>Type of firm</strong></td>
<td>- Does this chapter apply to all types of firm? If not, where can I find the equivalent material?</td>
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<tr>
<td><strong>Requirements of the regime</strong></td>
<td>- Does pre-approval apply to individuals taking up a new FCA controlled function within the same firm?</td>
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<td>- What are the procedures for ‘emergency situations’?</td>
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<td>- Can a person be approved for more than one FCA controlled function?</td>
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<td>- Do the FCA controlled functions apply to an incoming EEA firm that is providing cross border services into the United Kingdom?</td>
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<td>- May any activity be outsourced by a firm?</td>
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<td>- Can an FCA significant-influence function be outsourced?</td>
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<td>Question</td>
<td>Answer</td>
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<td>7  [deleted]</td>
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<tr>
<td>8  What should a firm do if it is unsure whether an individual needs approval?</td>
<td>The firm should contact the FCA’s Customer Contact Centre. See SUP 10A.12.6 G.</td>
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<tr>
<td><strong>Submitting an application</strong></td>
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<tr>
<td>9  Who applies for approval?</td>
<td>The firm. See section 60 of the Act (Applications for approval).</td>
</tr>
<tr>
<td>10 What is the role of the FCA candidate in the application process?</td>
<td>Before the firm submits the relevant Form A or Form E, it must verify the information contained in it. As part of this verification, the Form provides for the FCA candidate to confirm the accuracy of the information given by the firm so far as it relates to him.</td>
</tr>
<tr>
<td><strong>What checks should a firm make on a FCA candidate before submitting an application for approval from the FCA?</strong></td>
<td>The FCA expects firms to perform due and diligent enquiries into their FCA candidates before they submit an application to the FCA for approval. The FCA’s approval process is not a substitute for the checks that a firm should be carrying out on its prospective recruits. It is for the firm to determine what checks are appropriate but, in making its decision, a firm should have regard to the FCA controlled function to which the application relates. Firms’ enquiries should include checks to verify relevant qualifications and previous employment. Note also the provisions of EG 6.</td>
</tr>
<tr>
<td>12 Should these checks include a check of criminal records?</td>
<td>It is for senior management to decide what checks should be made. In deciding if it is necessary to carry out a check of criminal records, the firm should consider that the FCA does not routinely carry out these checks during the approval process. By virtue of the rehabilitation exceptions orders, the FCA and the industry also have a right to ask about the spent criminal convictions specified in those Orders, as well as any unspent criminal convictions, in order to assess the suitability of FCA candidates for approved person status (see section 5 of the relevant Form A (Application to perform controlled functions under the approved persons regime)). Note also the provisions of EG 6 (Publicity).</td>
</tr>
<tr>
<td>13 What is the &quot;fit and proper&quot; test for approval?</td>
<td>Section 61(1) of the Act (Determination of applications) provides that the FCA may grant an application only if it is satisfied that the FCA candidate is a fit and proper person to perform the relevant function. In determining this question, the Act sets out the matters to which the FCA may have regard (section 61(2)) and the FCA has given guidance on this in FIT.</td>
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### Annex 1

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>If a <strong>firm</strong> is unsure whether or not something may have an impact upon an individual’s fitness and propriety, should it be disclosed?</td>
<td>Yes, always. The deliberate non-disclosure of material facts is taken very seriously by the FCA as it is seen as possible evidence of current dishonesty. Therefore, if in doubt, disclose.</td>
</tr>
<tr>
<td>What happens if adverse information comes to light after the application form has been submitted or after the individual has been FCA-approved?</td>
<td>The <strong>firm</strong> must inform the FCA at the earliest opportunity. See SUP 10A.14.17 R.</td>
</tr>
<tr>
<td>Will the FCA consider an application in respect of a FCA candidate who has not yet signed a contract with the <strong>firm</strong>?</td>
<td>Yes, as the FCA will consider the arrangement under which the FCA candidate will perform the function. However, the FCA will not consider speculative or provisional applications - such as for the FCA candidates in an election to a mutual society Board. The FCA must be informed immediately of any material changes to the information provided on the application form which arises before the application has been determined. All changes must be communicated to the FCA by the <strong>firm</strong> making the application (see SUP 15.6.4 R). Failure to notify the FCA may result in a delay in processing or rejection or both.</td>
</tr>
<tr>
<td>How can credit unions get a supply of application forms (Forms A to F)?</td>
<td>These can be ordered from the FCA’s Customer Contact Centre. There is no charge for an application form.</td>
</tr>
<tr>
<td>Is there a separate fee for making an application for FCA-approved person status?</td>
<td>No.</td>
</tr>
<tr>
<td>Must all gaps in previous employment be explained?</td>
<td>Yes.</td>
</tr>
<tr>
<td><strong>FCA procedure</strong></td>
<td>Yes, as far as possible, information is verified.</td>
</tr>
<tr>
<td>Does the FCA verify the information provided to it?</td>
<td>Yes. The FCA is obliged to handle all information confidentially and is subject to the provisions of the Data Protection Act 1998.</td>
</tr>
<tr>
<td>Will the FCA handle information confidentially?</td>
<td></td>
</tr>
<tr>
<td>How long will the FCA take to process an application for FCA-approved person status?</td>
<td>The length of time taken to process the application will vary as it is dependent upon the application under consideration. The FCA publishes standard response times on its website at <a href="http://www.fca.org.uk">www.fca.org.uk</a> 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. However, if, for example, information is missing from the application, or the information provided gives the FCA cause for concern, or the FCA already has in its possession relevant information which gives rise to concerns, processing time will almost always be longer. In each case, the FCA will notify the <strong>firm</strong> of any extension to the processing times.</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>23</strong> Will the firm and individual be notified if there is a delay in processing the application form?</td>
<td>Yes. The FCA will contact the firm explaining the position and, where appropriate, giving the reasons for delay. It will then be the responsibility of the firm to keep the FCA candidate and any other interested party informed.</td>
</tr>
<tr>
<td><strong>24</strong> How are non-routine cases handled?</td>
<td>Refer to DEPP 2.</td>
</tr>
<tr>
<td><strong>25</strong> Can the FCA apply conditions to an FCA-approved person?</td>
<td>No. The application can either be granted or refused. The Act provides no equivalent to the limitations or requirements which may be included in permissions. If the application is refused, the firm may re-apply in respect of the same individual but a different FCA controlled function. If it is considering doing this, the firm is encouraged to discuss the matter with the FCA. Where there are reasonable grounds for doing so, the FCA may require a firm to provide information about an FCA-approved person (see section 165 of the Act (Power to require information)).</td>
</tr>
<tr>
<td><strong>26</strong> Will the firm be issued with confirmation of approval?</td>
<td>Yes. The firm will be sent a letter setting out the effective date of approval together with the FCA controlled function for which the individual has been FCA-approved. It will then be the firm’s responsibility to inform the individual and any other interested party, for example any appointed representative.</td>
</tr>
</tbody>
</table>

**Withdrawing an application**

| **27** Can a firm withdraw its application?                             | Yes, but only with the consent of the FCA candidate. See section 61(5) of the Act (Determination of applications).                                                                                       |
| **28** What happens if the individual refuses to consent to the withdrawal of the application? | The FCA will consider with all interested parties what to do. If it proposes to refuse the application, it will give a warning notice to all interested parties. See section 62 of the Act (Applications for approval: procedure and right to refer to the Tribunal). |
| **29** Can the firm withdraw only part of an application? for instance, in relation to a specific FCA controlled function? | The FCA will allow the firm to amend its application at any time before determination with the consent of all other interested parties. Whether the amendment will have the effect of amounting to a fresh application will be considered on a case by case basis. |

**Conduct of FCA-approved persons**

| **30** How and when must the firm report to the FCA potentially adverse information about an FCA-approved person’s fitness and propriety? | Normally, the firm should report such matters to the FCA on Form D once it is reasonably satisfied as to the information’s validity (SUP 10A.14.17 R). (See also, Chapter 11 of the Principle for Businesses sourcebook (PRIN) and Statement of Principle 4 in Chapter 2 of the Statements of Principle and Code of Practice for Approved Persons (APER).) However, if an FCA-approved person is dismissed, is suspended, or resigns while under investigation by the firm, the FCA or another regulatory body, or there are any other matters that might affect the individual’s fitness and |
For how long are individuals accountable to the FCA after ceasing to be an FCA-approved person?

A person is guilty of misconduct if, while an FCA-approved person, he fails to comply with a Statement of Principle or is knowingly concerned in the contravention by a firm of a requirement in the Act or the Handbook or certain other requirements. But the FCA may not bring proceedings after three years from when it first knew of the misconduct.

How does the customer function relate to the training and competence requirements?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Products/sectors in TC Appendix 1</th>
<th>FCA controlled function</th>
<th>SUP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advising or giving personal recommendations (as relevant)</td>
<td>2-9A 10-11 12-13 14</td>
<td>customer function (CF 30)</td>
<td>10A.10.4 R</td>
</tr>
<tr>
<td>Undertaking an activity Giving personal recommendations and dealing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing investments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Approved person regime: summary of forms and their use for applications for approval to perform an FCA-controlled function

<table>
<thead>
<tr>
<th>Function</th>
<th>Form</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person about to perform an FCA controlled function if he has never been approved by the FCA or PRA before.</td>
<td>A</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>Candidate is to perform an FCA significant-influence function and either has current approval to perform an FCA controlled function that is a significant-influence function, an FCA-designated senior management function or a PRA controlled function, or has had such an approval within the previous six months.</td>
<td>Shortened Form A if conditions met</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>Candidate is to perform the customer function and is either an FCA-approved person or a PRA-approved person, or was one within the previous six months.</td>
<td>Shortened Form A if conditions met</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>Candidate ceased to be an approved person more than six months ago.</td>
<td>A</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>Candidate is seeking to perform a significant-influence function and either: (1) has never had approval from the FCA or PRA to perform an FCA controlled function that is a significant-influence function, an FCA designated senior management function or a PRA controlled function or (2) ceased to have approval from the FCA or PRA to perform such function more than six months ago.</td>
<td>A</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>Firm withdrawing an outstanding application to perform an FCA controlled function.</td>
<td>B</td>
<td>Submitted by the firm: signed by all interested parties.</td>
</tr>
<tr>
<td>Person ceasing to perform an FCA controlled function.</td>
<td>C (unless it should be notified under Form E)</td>
<td>Submitted by the firm within seven business days of approved person ceasing to perform controlled function(s).</td>
</tr>
<tr>
<td>If an FCA-approved person’s title, name or national insurance number changes, or there is information which may be material to the continuing assessment of an approved person’s fitness and propriety.</td>
<td>D</td>
<td>Submitted by firm within seven business days of the firm becoming aware of the matter.</td>
</tr>
</tbody>
</table>
### Function |
### Form |
### Submission

<table>
<thead>
<tr>
<th>Function</th>
<th>Form</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Person remaining with the same firm but changing FCA controlled functions</strong> (excluding where the person is changing from a customer function to a significant-influence function).</td>
<td>E</td>
<td>Submitted by <em>firm</em> to the <em>FCA</em> before changes take place.</td>
</tr>
<tr>
<td><strong>Person remaining with the same firm but changing from a customer function to an FCA significant-influence function.</strong></td>
<td>A</td>
<td>See examples in this table relating to the use of Form A.</td>
</tr>
<tr>
<td><strong>Person remaining with the same group but giving up a PRA controlled function and taking up an FCA controlled function.</strong></td>
<td>E</td>
<td>Submitted by <em>firm</em> to the <em>FCA</em> before changes take place.</td>
</tr>
<tr>
<td><strong>Person remaining with the same group but giving up an FCA significant-influence function and taking up a PRA controlled function.</strong></td>
<td>E</td>
<td>Submitted by <em>firm</em> to the <em>PRA</em> before changes take place (see the <em>PRA Handbook</em>).</td>
</tr>
</tbody>
</table>
[Not used]

[Not used]
Form A: Application to perform controlled functions under the approved persons regime

This annex consists only of one or more forms. Note that there are separate forms for Solvency II firms, large and small non-directive insurers, incoming EEA firms, applicants for a Part 4A permission or variation of permission that would result in an initial authorisation under MiFID, applicants for a Part 4A permission that would result in the applicant becoming exempt under article 3 of MiFID and other firms. Swiss general insurers must use the forms for large non-directive insurers not the form for Solvency II firms. It also includes the scope of responsibilities form which must be included as an attachment to Form A in certain cases. An applicant applying for a Part 4A permission or variation of permission that would result in an initial authorisation under MiFID or in the applicant becoming exempt under article 3 of MiFID is only required to use the “Long Form A – UK and Overseas Firms (not Incoming EEA) for MIFID authorisation applications” in relation to members of the management body or persons effectively directing its business.

[Editor’s Note: General notes for completion of Form A are located below the list of forms.]

<table>
<thead>
<tr>
<th>Form A: Notes for completion for Long Form A – UK and Overseas Firms (not Incoming EEA) for MiFID authorisation applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Form A - UK and Overseas Firms (not Incoming EEA)</td>
</tr>
<tr>
<td>Long Form A – UK and Overseas Firms (not Incoming EEA) for MiFID authorisation applications:</td>
</tr>
<tr>
<td>Long Form A – UK and Overseas Firms (not Incoming EEA) for MiFID authorisation applications</td>
</tr>
<tr>
<td>Short Form A: UK and Overseas Firms (not incoming EEA)</td>
</tr>
<tr>
<td>Short Form A: Incoming EEA firms</td>
</tr>
</tbody>
</table>

**GUIDANCE NOTES: APPLICATION FOR AUTHORISATION**

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GUIDANCE NOTES: APPLICATION FOR AUTHORISATION
Notes to assist with the completion of the Long and/or Short Form A for both UK and the Overseas, and Incoming EEA firms, when making an application to perform controlled function(s) under the Approved Persons regime including Senior Managers’ and Senior Insurance Managers’ Regime (Connect or Paper Form)

For MiFID authorisations applications please see guidance notes for the applicable MiFID Form A at SUP 10A Annex 4D.

Please take time to read these notes carefully. They will help you to fill in the Long and/or Short Form A correctly.

When completing the application forms you will need to refer to:

• the FCA Handbook: [https://www.handbook.fca.org.uk](https://www.handbook.fca.org.uk) and
• the PRA Rulebook: [http://www.prarulebook.co.uk](http://www.prarulebook.co.uk).

If after reading these notes you need more help please:

• check our website: [www.fca.org.uk](http://www.fca.org.uk);
• consult the Handbook: [https://www.handbook.fca.org.uk](https://www.handbook.fca.org.uk);
• call the Customer Contact Centre on 0300 500 0597;
• call the PRA Firm Enquiries: 020 3461 7000;
• email the FCA Customer Contact Centre: firm.queries@fca.org.uk; or
• email the PRA: PRA.firmenquiries@bankofengland.co.uk

These notes, while aiming to help you, do not replace the rules and guidance in the FCA Handbook or the PRA’s Rulebook and supervisory statements.

Terms in these notes

These notes use the following terms:

‘you’ refers to the candidate for whom the Form A is being completed by the Applicant;

‘candidate’ (paper forms only) refers to the individual for whom the Form A is being completed by the Applicant;

‘the Applicant’ refers to the firm applying for authorisation of the candidate;

‘the FCA’, ‘we’, ‘us’ or ‘our’ refers to the Financial Conduct Authority;

‘the PRA’, refers to the Prudential Regulation Authority; and
• [FSMA] refers to the Financial Services and Markets Act 2000

What is the Form A used for?

The Form A is used by a firm which seeks the FCA and/or PRA’s approval under section 59 of the Financial Services and Markets Act 2000 ([FSMA]) for a particular individual to perform controlled functions. The Form A is referred to in the Supervision Manual (“SUP”)

Full details of the Approved Persons regime including, Senior Insurance Managers’ (SIMR) regime, the Senior Managers’ (SMR) and the application process are given in SUP 10 (SUP 10A, SUP 10A Annex 4D, SUP 10C and SUP 10C Annex 2D respectively) of the FCA Handbook and the Parts relating to the Senior Managers Regime and Senior Insurance Managers Regime in the PRA Rulebook.

There are different versions of Form A for applications under the Senior Managers Regime, the Senior Insurance Managers Regime and for other firms - please ensure you are using the correct version.

Applications for corporate candidates must be made using an adapted Form A that will be supplied by the FCA and/or PRA upon request.

Important information about the Form A

The Form A is of the utmost importance to the FCA and/or PRA assessment of the fitness and propriety of the candidate.

All information relevant to the application must be provided to the FCA and/or PRA with the Form A. This applies even if the information is, or is believed to be, already known to the FCA and/or PRA, as a result of it being in the public domain, or has been previously disclosed to the FCA and/or PRA or to another regulatory body. In all circumstances, disclosures should be full, frank and unambiguous.

If the firm or candidate becomes aware of further information which might be relevant to the application following submission of the Form A, it should provide it to the FCA and/or PRA immediately. The obligation to provide full, frank and unambiguous information does not stop with the submission of the Form A.

The information supplied by the candidate should be verified by the firm wherever possible. If the FCA and/or PRA vetting checks reveal any matters that have not been disclosed, then applications will be delayed and, in some cases, possibly rejected.

The firm is responsible for the accuracy of the data and completion of the Form A. If the Form A is not fully and correctly completed, the FCA and/or PRA may need to return it for proper completion. This could significantly delay the FCA and/or PRA’s decision on whether to grant approval to perform the requested controlled functions.

The FCA and/or PRA may require the applicant to provide further information at any time after receiving an application and before determining whether approval is to be granted or not. It may direct the format in which this information is provided, for example, in an interview with the candidate.

Key assumptions about the firm and the candidate

The FCA and/or PRA relies on the information contained in the Form A and makes certain assumptions about the firm and the candidate in considering the information contained in the form. It is very important that the candidate and the firm are aware of these assumptions:

- It is assumed that the candidate is not performing the controlled function applied for. A candidate must not perform any controlled function until the FCA and/or PRA, has granted approval. If the firm permits the candidate to perform controlled functions without FCA and/or PRA approval it may be in breach of section 59 of FSMA and the candidate may also be in breach of his or her regulatory obligations;

- It is assumed that the firm and the candidate know and understand the factors which the FCA and/or PRA takes into account when considering the fitness and propriety of the candidate. These factors are set out in the part of the Handbook entitled the Fit and Proper Test for
Approved Persons ("FIT") and in the Fitness and Propriety and in the Insurance – Fitness and Propriety Parts of the PRA Rulebook.

It is assumed that the candidate knows and understands the obligations and responsibilities of an approved person. These are set out in the FCA Handbook and the PRA Rulebook including in the following:

- the Statements of Principle and Code of Practice for Approved Persons ("APER");
- COCON Code of Conduct;
  - SUP 10A FCA Approved Persons;
  - SUP 10C FCA senior management regime for approved persons in relevant authorised persons; and
- in the Parts of the PRA Rulebook entitled: Senior Management Functions; Fitness and Propriety; Allocation of Responsibilities and Conduct Rules; and
  - Insurance – Senior Insurance Management Functions; Insurance – Fitness and Propriety; Insurance – Allocation of Responsibilities; and Insurance – Conduct Standards;

firms should also refer for further information to the PRA supervisory statements - SS 28/15 Strengthening individual accountability in banking for deposit takers, and SS 35/15 Strengthening individual accountability in insurance for insurers.

Finally, it is assumed that both the firm and the candidate have read and understood these guidance notes in completing the Form A. The responsibility for the accuracy and completeness of the information supplied rests with the candidate and the firm. Seeking legal and/or compliance advice about how to complete the Form A will not discharge that responsibility.

Completing a Form A using Connect

If you are using Connect to complete a Form A it will ask you some initial questions to determine the sections you need to complete.

Completing a Paper Form A – Long or Short

The Form A must be completed in black ink and (if in manuscript) in BLOCK LETTERS.

Indicate clearly if a question is not applicable. Select the appropriate box where a yes/no answer is required. Where you answer “yes” you must:

• provide further details in section 6 (Supplementary Information) of the Form A. If there is insufficient space for a detailed answer then you may attach further pages; and
• tick “yes” at the bottom of the relevant page of the Form A to confirm that you have provided additional information.

If you want to attach additional information to the Form A it must be securely attached, for example by stapling it to the Form A and you should state in section 6 (Supplementary Information) the number of additional sheets attached.

There are two types of Form A; a Long Form A and a Short Form A. The key difference is that the Long Form A requires detailed information about the fitness and propriety of the candidate.

• For firms subject to the Senior Managers Regime, the circumstances in which each form may be used are detailed in ■ SUP 10C (FCA senior management regime for approved persons in relevant authorised persons) of the FCA Handbook and the Senior Managers Regime – Applications and Notifications of the PRA Rulebook.
For firms subject to the Senior Insurance Managers Regime and the FCA approved persons regime for insurers, the circumstances in which each form may be used are detailed in Senior Insurance Managers Regime - Applications and Notifications Parts of the PRA Rulebook and SUP 10A FCA Approved Persons of the FCA Handbook.

For all other firms, the circumstances in which each form may be used are detailed in SUP 10A FCA Approved Persons of the FCA Handbook.

The Short Form A may be used if any of the following conditions apply:

• an individual who is already an approved person is applying to perform an additional controlled function under an arrangement with the same firm; or

• the candidate has ceased to perform a controlled function under an arrangement with firm A and now requires approval to perform a controlled function under an arrangement with firm B. These can be two entirely different firms and not just two firms in the same group (however, see the exception in the following paragraph); or

• an individual who is already an approved person with another firm, firm B, is applying to perform a controlled function for a different firm, firm A and is already approved for that particular group of functions.

You should submit a curriculum vitae (‘CV’) with the Short Form A if the candidate’s CV has altered from the last time they applied to hold a controlled function (i.e. it has changed from the last time the FCA and/or PRA had sight of the CV).

The CV should be attached securely to the Short Form A by stapling it.

The Long Form A must be completed if:

• the candidate ceased to be an approved person more than six months ago;

• the candidate or approved person is seeking approval in respect of a significant influence function and has either never had approval from the FCA or PRA to perform a SIF, SMF or PRA controlled function or ceased to have approval to perform that function more than six months ago; or

• there have been any matters arising in relation to the candidate’s fitness and propriety which mean that their answers to Section 5 of the Long Form A (Fitness and Propriety) may have changed since they last completed a Form A (i.e. since they last made an application for approval).

For example, such matters could include (but are not limited to), where:

• the candidate has been investigated by the FCA and/or PRA, by another regulatory body or an authorised firm;

• the candidate has had CCJs registered against their name or has entered into a voluntary arrangement with creditors (whether formal or informal);

• the candidate has been convicted of criminal offences; or

• the candidate has been the subject of any civil action.

If you are in any doubt whether a Short Form A is acceptable, please submit a Long Form A and make full disclosure of all issues which could potentially be relevant. A Long Form A is acceptable in all circumstances. Please see SUP 10A Annex 2G and SUP 10C Annex 1G.

Contents

The text in brackets refer to the Paper Form A sections

Approved Person Application

(Not applicable to paper forms)

Application Contact Details

(Firm Identification Details – section 2)

Individual Details
Approved Person Application

This section is for Connect only and determines which sections of the Form are displayed for the applicant to complete.

Approved Person Application

Has the candidate previously been approved by the FCA/PRA?

No additional notes.

If yes, you will be asked to provide your individual reference number, your date of birth, national insurance number and/or passport number and nationality.

Application Contact Details

If you are using the paper forms, this section contains the notes you will need for Section 2 – Firm Identification Details.

Please enter the contact details of the person we will get in touch with about this application.

This should be someone in the UK.

If you feel that a second contact name is useful e.g. if the main contact won't be available for a long period of time, please provide details in the Supporting Documents Section if using Connect, or in Section 6 (Supplementary Information) in the Paper Form A.

Associated Individual

See Question 2.03 in the Paper Form A (these notes are in a different order to the Paper Form A)

Title, First Name(s), Last Name

No additional notes.
Job Title
No additional notes.

Mobile Number
No additional notes.

Email Address
No additional notes.

Address, Country
No additional notes.

Phone Number
No additional notes.

Fax Number
No additional notes.

Individual Details
If you are using the paper forms, this section contains the notes you will need for Section 1 – Personal Identification Details.

If you are using Connect to complete your Form A this section will be prepopulated if previously approved by FCA/PRA and the individual reference number has been supplied.

If you are completing a Paper Form A you will find some of this guidance in a slightly different order (see Questions 1.01-1.14).

Details of the Individual

Title, First Names and Last Name
No additional notes.

Personal Identification Details

Commonly used First Names and Last Name
If the candidate is commonly known by a different name other than that which appears on their passport or national insurance card then put this name here. This may include, for example, a shortened version of their full name or where they are known by a middle name or names given as a result of naming conventions whether for religious or other reasons. If the candidate has more than one alternative name, please give all other names known by in the Supporting Documents section on Connect, or the Supplementary Information (Section 6) on the Paper Form A.

Date of Birth
No additional notes.

National Insurance Number
No additional notes.

Passport Number
If the candidate has more than one passport number, please give all passport numbers held and the reasons for this in the Supporting Documents section on Connect, or the Supplementary Information (Section 6) on the Paper Form A.

Nationality
If the candidate has more than one nationality, please give all nationalities held and the reasons for this in the Supporting Documents section on Connect, or the Supplementary Information (Section 6) on the Paper Form A.

Place of Birth
No additional notes.

**Previous Names**

If the candidate has changed their name (surname or forenames), for example due to marriage, then please enter this previous name. If the candidate has more than one previous name, please provide all details here.

**Address Details**

**Current and Previous Addresses**

A full 3 year history for all United Kingdom addresses must be given for the candidate. If any gaps are as a result of the candidate being resident outside the United Kingdom, please state this and give details of where the candidate resided during this period.

The system will not allow this question to be validated until a full 3 year history has been provided.

**Directorships**

**Has the candidate held any directorships in the last 10 years?**

If yes, you will be asked to provide Name of Undertaking, Nature of Business, Country of Incorporation, Date the Directorship ceased.

You can find the meaning of Director in the Glossaries to the FCA Handbook and the PRA Rulebook.

If you are completing the Paper Form A you will be asked to provide this information in Supplementary Information (section 6).

**Individual Arrangements**

If you are using the paper forms, this section contains the notes you will need for Section 3 – Arrangement and controlled functions.

**Arrangements**

State the nature of the arrangement between the candidate and the applicant firm.

If you answer Group Employee, you will be asked the Name of Group.

If you answer Other Arrangement, you will be asked the Reason.

**Paper Form A** (See Question 3.01)

Please select the box in 3.01 that most accurately describes the arrangement with the candidate.

If the candidate will perform a controlled function on behalf of the firm for an appointed representative of the firm then select the appropriate box at 3.01e or 3.01f and detail the firm name and firm reference number. If the candidate proposes to perform controlled functions for more than one appointed representative, then the details of each appointed representative, including the firm name and firm reference number should be provided in Supplementary Information – section 6.

**Apply for Controlled Functions**

If you are using the paper forms, this section contains the notes you will need for Section 3 – Arrangement and controlled functions.

Please note this section is different if you are completing a Paper Form A, please see notes on page 13.

You can either search for firm or you can select from firms associated with your user account list.

**Search for Firm**

No additional notes.

Select from firms associated with your user account

No additional notes.

Select the controlled functions required
For more information on the specification of functions, refer to **SUP 10A.4**, **SUP 10C.1** and (SMR) or the Senior Management Functions or Insurance-Senior Insurance Management Functions parts of the PRA Rulebook.

**Firm Specific Questions**

If you select CF1, CF3, CF5, CF6, CF8 or CF 29 or;

if you select SMF1, SMF2, SMF3, SMF4, SMF5, SMF6, SMF7, SMF16, SMF17, SMF18, SMF19, SMF20, or SMF22 under SMR or;

if you select SIMF1, SIMF2, SIMF4, SIMF5, SIMF7, SIMF19, SIMF21, SIMF22, SIMF23 under SIMR;

you will be asked to select a box if the individual is responsible for insurance distribution.

This is not a controlled function in its own right. However, every firm that carries on insurance distribution activities must appoint an approved person(s) who will be responsible for insurance distribution activities at the firm (as detailed in **MIPRU 2.2**.

This responsibility must be allocated to a member of the governing body of the firm or in certain circumstances, a senior manager (i.e. an individual that is applying for approval as CF1, 3-8 or 29).

Please note that insurance distribution is not applicable to appointed representatives.

If you select CF2, the role to be undertaken must be provided.

You must choose one of the available roles in the box provided.

If you select CF28 or CF28 and CF29 you will be asked to select the area of responsibility and the Job Title.

No additional notes.

If you select CF29 you will be asked to enter the Job Title

No additional notes.

**Additional Questions**

**Role Description**

No additional notes.

**Organisation Chart (showing the candidates upward and downwards reporting)**

No additional notes.

**Is the candidate a member or chairman of any sub-boards or other committees**

No additional notes.

**Supporting Documents**

Description or document setting out how the competency was assessed (demonstrating competence and suitability mapped to the specific role and its responsibilities)

No additional notes.

Description or copy of the candidates skill's Gap Analysis

No additional notes.

Description or copy of the candidates Learning and Development plan (including the name of the individual responsible for monitoring the candidate's progress against the development points and the time frame for completion).

No additional notes.

Description or copy of candidate's Induction Programme

No additional notes.

SIF/SMR/SIMR
If you select a Significant Influence Function/Senior Management/Senior Insurance Management function and you are a larger firm you will be asked the following three questions:

Please provide full details of why the candidate is competent and capable to carry out the controlled function(s) applied for.

No additional notes.

Please provide full details of why the appointment complements the firm’s business strategy, activity and the markets in which it operate (where applicable).

No additional notes.

Please provide full details of the process undertaken in making the appointment including details of any discussions at governing body level (if any).

No additional notes.

Mandatory Documents

If you select a significant influence function (CF1 to CF29) or any of the Senior Management or Senior Insurance Management functions you will be asked to attach a CV.

No additional notes.

Non MiFID Business

If the firm is an EEA authorised firm you will be asked ‘Is the application in respect of any non-MiFiD business?’

No additional notes.

Fitness & Propriety

If the candidate has been previously approved by the FCA/PRA then you will be asked ‘Has the candidate’s fitness & propriety changed?’

If yes, you will be presented with the Fitness and Propriety section and the Employment History section to complete as part of this application.

Effective Date

Effective Date of Change

You should enter the effective date of the controlled function being applied for.

Reason for Past Effective Date

No additional notes.

Paper Form A users

Where the application is for the candidate to perform the controlled function(s) at a single firm, the firm should answer questions 3.02, 3.03 and 3.04. However, if the application is being made on behalf of a candidate who proposes to perform controlled functions for more than one firm, then the final question of section three (3.04 and 3.05 where applicable) must also be answered to describe the controlled functions and the relationships between the candidate and each firm for which the candidate proposes to perform the controlled function.

Question 3.02 – Guidance about the particular controlled functions can be found in SUP 10C (for senior management functions) and SUP 10A (for all other controlled functions). For more information on Senior Management Functions and Senior Insurance Management Functions, please refer to SS28/15 and SS35/15, which are published on the PRA website.

Question 3.03 – This box should be left blank in all cases unless there is a reason to delay the commencement of the performance of the controlled functions (subject to approval) until a date which is after the FCA and/or PRA published standard response times, details of which can be found at:

www.fca.org.uk/your-fca; and/or
www.bankofengland.co.uk/PRA
The FCA and/or PRA will assume that the firm wishes an application to be determined as soon as possible unless this box is completed and the reason for the delay set out in section 6 of the Form A.

Please note that the candidate must not perform the controlled function until the FCA and/or PRA approval has been granted. To do so will mean that both the firm and the candidate may be in breach of FCA and/or PRA rules and principles.

Question 3.04 - If the candidate seeks approval for a significant influence function, the specific job title of the candidate must be included.

**Insurance Distribution**

This is not a controlled function in its own right. However, every firm that carries on insurance distribution activities must appoint an approved person(s) who will be responsible for insurance distribution activities at the firm (MIPRU 2.2).

This responsibility must be allocated to a member of the governing body of the firm or in certain circumstances, a senior manager (i.e. an individual that is applying for approval as CF1, 3-8 or 29).

Please note that insurance distribution is not applicable to appointed representatives.

Where a firm has appointed an appointed representative to carry on insurance distribution activities on its behalf, the person responsible for the firm’s insurance distribution activities will also be responsible for the insurance distribution activities carried on by an appointed representative.

**Mortgage Credit Directive intermediation activity**

The term ‘Mortgage Credit Directive (MCD) intermediation activity’, as used within this application, is equivalent to the term ‘MCD credit intermediation activity’ as defined with the Glossary of the FCA Handbook.

This is not a controlled function in its own right. However, every firm that carries on MCD credit intermediation activities must appoint an approved person(s) who will be responsible for MCD credit intermediation activities at the firm (see MIPRU 2.2)).

This responsibility must be allocated to a member of the governing body of the firm or in certain circumstances, a senior manager (i.e. an individual that is applying for approval as CF1, 3-8 or 29).

Where a firm has appointed an appointed representative to carry on MCD credit intermediation activity on its behalf, the person responsible for the firm’s MCD credit intermediation activity will also be responsible for the MCD credit intermediation activity carried on by an appointed representative.

Unless the firm indicates otherwise, the FCA and/or the PRA assumes that the arrangement given on the application form includes all of the activities that fall within the description of the controlled function. This means that a firm may alter a candidate’s responsibilities within the broad description of a controlled function without needing further approval from the FCA and/or the PRA. However, they will be required to record this change on the scope/statement of responsibilities record (where applicable) that is maintained by the firm for each individual in a controlled function.

**Employment History**

This section will not be displayed if you have been approved for a function within the last six months and your Fitness and Propriety and Employment History has not changed.

If you are using the paper forms, this section contains the notes you will need for Section 4 – Employment history in the past 5 years.

**What is the candidate’s current employment status?**

If you answer Unemployed or in Full time education on Connect or you tick c or d on the Paper Form A then you will be asked the following:-

- **Period: From**
- **Please provide details of the previous employment history**

If you answer Employed of Self Employed you will be asked:

- **Period: From**
• Name of employer
• Nature of business
• Has this employer previously been known by a different name? If yes, you will be asked for Previous / other name of employer
• Last known address of employer
• Is/Was the employer regulated by a regulatory body? If yes, you will be asked for Name of regulatory body
• Is/Was the employer an Appointed representative? If yes, you will be asked for: Of which principal firm, the Position held and the Responsibilities?
• Position held
• Responsibilities
• Reason for leaving (if more than one employment)

A full five-year employment history for the candidate must be provided including the current employment at the time of application, with all gaps explained. If the record of employment does not go back five years, all periods of education and unemployment must be indicated. Full details of any periods of self-employment must be included.

Always give the address of the actual place of employment, rather than a central head office.

State the position held by the candidate and a brief explanation of his or her duties. If the candidate’s job title included the word “director” but his or her duties did not include those associated with the title of director, as defined in the Glossary, this should be indicated.

Fitness and Propriety

This section will not be displayed if you have been approved for certain controlled functions within the last six months and your Fitness and Propriety and Employment History has not changed.

If you are using the paper forms, this section contains the notes you will need for Section 5 – Fitness and propriety.

If any disclosures are made in the fitness and propriety section of the application to perform a controlled function, full details should be provided in support of the application. This includes disclosures about any previous disciplinary investigation by previous regulators or employers involving the candidate.

We take non-disclosure seriously, especially where there is an apparent attempt to mislead. Non-disclosure will add to the seriousness of the undisclosed issue. If our vetting checks reveal any matters that have not been disclosed, then applications will be subject to investigation and the candidate’s suitability to be approved will be called into question. A person who knowingly or recklessly provides information to the FCA and/or the PRA that is false or misleading may commit a criminal offence, and could face prosecution under section 398 of the FSMA (Misleading FCA or PRA: residual cases) regardless of the status of their application.

You should also be aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the form is ultimately the responsibility of the firm and the candidate.

Connect

Answer the question by ticking the relevant ‘yes’ or ‘no’ box. If the answer to any of the questions is ‘yes’, you will be prompted to provide more details.

Paper Form A

If you answer ‘yes’ to any of the questions in this section, you must give complete details in section 6 of the form and attach relevant supporting documentation.

Terms used:
• **Criminal proceedings** – includes any proceedings from the point at which an individual or a firm is charged with a criminal offence to the point at which sentence is given.

• **Conviction** – includes any absolute or conditional discharge orders made against the person concerned.

• **Judgement debt** – a court judgment or order requiring a payment of money to be made by the individual or by a firm at which the individual previously held a position of influence.

• **Authorisation** – includes any authorisation, licence, registration, approval, notification, membership or relevant permission required to carry on any activity. This need not be an activity regulated by the FCA or PRA but applies to all activities requiring some kind of authorisation.

• **Position of Influence** – includes acting as a controller, director, senior manager, managing member, designated member, partner company secretary, or otherwise performing a role of similar influence or responsibility.

• **Regulated activities** – includes not only activities regulated by the FCA and/or PRA under FSMA, but also activities under the Payment Services Regulations and Electronic Money Regulations. It also includes activities regulated by other regulatory bodies (see definition of regulatory body below).

• **Regulatory body** – For the purposes of this form, a regulatory body includes but is not limited to the following:

  a self-regulatory organisation – including Investment Management Regulatory Organisation (IMRO), Securities and Futures Agency (SFA), Personal Investment Authority (PIA), Life Assurance and Unit Trust Regulatory Organisation (LAUTRO), Financial Intermediaries, Managers and Brokers Regulatory Association (FIMBRA), Association of Futures Brokers and Dealers Limited (AFBD), The Securities Association Limited (TSA);

  a current or former statutory body, including the Financial Conduct Authority (FCA), Prudential Regulatory Authority (PRA), Financial Services Authority (FSA), Office of Fair Trading (OFT), Securities and Investments Board (SIB), the Society of Lloyd’s, the Registry of Friendly Societies, the Friendly Societies Commission, the Building Societies Commission, the Bank of England, HMRC, the Treasury – Insurance Directorate (formerly the DTI) and the recognised bodies;

  the Serious Organised Crimes Agency (SOCA) or the Serious Fraud Organisation (SFO) or any police body;

  a designated professional body (a professional body designated by the Treasury under section 326 of the Financial Services and Markets Act 2000) or the equivalent of any of these regulatory bodies overseas.

It is for senior management to decide what checks should be made (subject to the specific provisions further below for firms subject to the SMR or SIMR).

Please also note that FIT 2.1.3G contains non-exhaustive guidance on factors that the FCA may take into account on a case-by-case basis or in the case of approval by the PRA, see SS28/15 for deposit takers, and SS35/15 for insurers, as appropriate when determining an application for approval and that, in any event, it is FSMA that sets out the threshold that a person must meet in order to be approved to perform a controlled function.

**Criminal proceedings**

When answering the questions in this section the candidate should include matters whether in the United Kingdom or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the candidate is subject to the law of England and Wales, the candidate must disclose spent convictions and cautions (other than a protected conviction or caution). By virtue of the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2013 and the Rehabilitation of Offenders (Exceptions) Order (Northern Ireland) 1979, if the candidate is subject to the law of Scotland...
or Northern Ireland, spent convictions must be disclosed (other than a protected conviction). For the avoidance of doubt, references to the legislation above are references to the legislation as amended.

Question 5.01.1a on Paper Form A/1.1.1a in electronic version
Have you ever been convicted of any criminal offence (whether spent or not and whether or not in the United Kingdom):

- involving fraud, theft, false accounting, offences, against the administration of public justice (such as perjury, perverting the course of justice and intimidating of witnesses or jurors), serious tax offences or other dishonesty, or
- relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?

This question requires disclosure of any criminal convictions, whether spent or unspent (other than protected convictions which need not be disclosed when the law in England & Wales applies). These convictions should be disclosed, even if the conviction was overseas. As stated in the form, you should include any conviction of an offence for which the individual received an absolute or conditional discharge. However, only include traffic offences if they resulted in a ban from driving or involved driving without insurance. See also the guidance on http://www.fca.org.uk/your-fca/documents/disclosing-convictions-in-form-a.

Question 5.01.1b on Paper Form A/1.1.1b in electronic version
Are you currently the subject of any criminal proceedings, whether in the UK or elsewhere?

No additional notes.

Question 5.01.1c on Paper Form A/1.1.1c in electronic version
Have you ever been given a caution in relation to any criminal offence?

This question requires disclosure of any cautions in relation to any criminal offence, whenever they took place.

Please note the following:
- protected cautions subject to the law of England & Wales do not need to be disclosed;
- spent alternatives to prosecution subject to the law of Scotland do not need to be disclosed; and

Question 5.01.2 on Paper Form A/1.1.2 in electronic version
Have you had any convictions for any offences other than those described in Question 5.01.1(a) to (c) above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?

No additional notes.

Question 5.01.03 on Paper Form A/1.1.3 in electronic version
Is the candidate the subject of any ongoing criminal investigation?

No additional notes.

Question 5.01.4 on Paper Form A/1.1.4 in electronic version
Have you ever been ordered to produce documents pursuant to any ongoing criminal investigation or been the subject of a search (with or without a warrant) pursuant to any criminal investigation?

In answering this question, you should include all matters even where the candidate was not the subject of the investigation.

Question 5.01.5 on Paper Form A/1.1.5 in electronic version
Has any firm at which you hold or have held a position of influence or ever:

(a) been convicted of any criminal offence?
No additional notes.

(b) been summoned, charged with or otherwise investigated or prosecuted for any criminal offence?
No additional notes.

(c) been the subject of any criminal proceeding which has not resulted in a conviction?
No additional notes.

(d) been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation?

Please see the notes at the beginning of this section for the meaning of ‘position of influence’ in the context of the questions in this form.

You should include all matters arising during the individual’s association with that firm and for a period of one year after the individuals ceased to be associated with the firm. You should include all matters even where the charge, prosecution or investigation has not resulted in a conviction and, in respect of Question 5.01.5(d), even where the firm itself was not the subject of the investigation. However, firms are not required to disclose details of any specific individuals who were subject to historic (as opposed to ongoing) criminal investigations, prosecutions, summons or other historic criminal proceedings.

Civil Proceedings

Question 5.02.1 on Paper Form A/1.2.1 in electronic version

Have you ever been the subject of a judgement debt or award against you?

This requires disclosure of any types of civil orders made against the individual which have resulted in an order being made by the court for the individual to make a payment of money. This includes county court judgements and other judgment debts; any such orders should be included even where the individual has paid the money and satisfied the order. A county court judgement is an order issued by a county court saying a person must pay a sum of money.

Question 5.02.2 on Paper Form A/1.2.2 in electronic version

Have you ever been party to any civil proceedings which resulted in any order against you (other than a judgement debt or award referred to in Question 5.02.1 above)? (You should include, for example, injunctions and employment tribunal proceedings.)

This question asks whether the individual has ever been a party to any other kind of civil dispute which did not result in the individual being required to make a payment of money. This could include, for example, an injunction or an award in employment tribunal proceedings.

Question 5.02.3 on Paper Form A/1.2.3 in electronic version

Are you aware of:

(a) Any proceedings that have begun, or anyone’s intention to begin proceedings against you, for a CCJ or other judgment debt?
No additional notes.

(b) More than one set of proceedings, or anyone’s intention to begin more than one set of proceedings, that may lead to a CCJ or other judgment debt?
No additional notes.

(c) Anybody’s intention to claim more than £1,000 of CCJs or judgment debts in total from you?

This question requires disclosure of any civil proceedings that are ongoing (i.e. have been commenced but not yet concluded or have not yet resulted in a judgement debt or county court judgement) or are about to begin that the individual is aware of.

Question 5.02.4 on Paper Form A/1.2.4 in electronic version

Do you have any current judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part?
No additional notes.

Question 5.02.5 on Paper Form A/1.2.5 in electronic version

Have you ever failed to satisfy any judgment debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made?

No additional notes.

Question 5.02.6 on Paper Form A/1.2.6 in electronic version

Have you ever:

(a) Filed for your own bankruptcy or had a bankruptcy petition served on you?

This question covers all circumstances in which anyone started bankruptcy proceedings (or, in Scotland, called ‘sequestration’ of the individual’s estate) in relation to the individual. It also includes circumstances where the individual began such proceedings.

(b) Been adjudged bankrupt?

This question covers all circumstances in which anyone started bankruptcy proceedings (or, in Scotland, called ‘sequestration’ of the individual’s estate) in relation to the individual. It also includes circumstances where the individual began such proceedings.

(c) Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?

This question covers all circumstances in which anyone started bankruptcy proceedings (or, in Scotland, called ‘sequestration’ of the individual’s estate) in relation to the individual. It also includes circumstances where the individual began such proceedings.

(d) Made any arrangements with your creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?

This requires disclosure of any voluntary agreement which the individual has already entered into at any time with anyone to whom they owe money about the payment of a debt. This includes informal arrangements with creditors and the receipt of debt consolidation services. This could include where alternative mortgage arrangements have been made and also more formal arrangements such as an ‘individual voluntary arrangement’, whether or not these arrangements were entered into after advice from a debt management adviser.

(e) Had assets sequestrated?

No additional notes.

(f) Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against you or result in any kind of agreement with you?

It is irrelevant whether or not any of the matters in Question 5.02.6(a) to (e) actually resulted in the making of an order; they must still be disclosed.

Question 5.02.7 on Paper Form A/1.2.7 in electronic version

Do you, or any undertaking under your management, have any outstanding financial obligations arising from regulated activities, which have been carried out in the past? (whether or not in the UK or overseas)?

This requires disclosure of any other historical financial matters which might impact upon the current financial circumstances of the individual. For example, claims for clawback being made by a former employer should be disclosed here.

Question 5.02.8 on Paper Form A/1.2.8 in electronic version

Have you ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct?

No additional notes.

Question 5.02.9 on Paper Form A/1.2.9 in electronic version
Are you currently:

(a) Party to any civil proceedings? (Including those covered in Question 5.02.7 on Paper Form A.)
No additional notes.

(b) Aware of anybody's intention to begin civil proceedings against you? (You should include any ongoing disputes whether or not such dispute is likely to result in any order against you.)
No additional notes.

Question 5.02.10 on Paper Form A/1.2.10 in electronic version
Has any firm at which you hold or have held a position of influence ever been:

(a) Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct?
No additional notes.

(b) The subject of a judgement debt or award against the firm? (You should include all CCJs) made against the firm, whether satisfied or not.
No additional notes.

(c) Party to any other civil proceedings which resulted in an order against the firm other than in relation to matters covered in Questions 5.02.10(a) and 5.02.10(b) on Paper Form A?
No additional notes.

Question 5.02.11 on Paper Form A/1.2.11 in electronic version
Is any firm at which you currently hold or have held, within the last 12 months from the date of submission of this form, a position of influence currently:

(a) a party to civil proceedings?
No additional notes.

(b) Aware of anyone's intention to begin civil proceedings against them?
No additional notes.

Question 5.02.12 on Paper Form A/1.2.12 in electronic version
Has any company, partnership, or unincorporated association of which you are or have been a controller, director, senior manager, partner or company secretary, in the United Kingdom or elsewhere, at any time during your involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?
No additional notes.

Business and Employment Matters

These questions relate to roles the individual has previously performed, whether that role was related to the provision of a regulated activity or not. It should also be noted that these questions are not limited to only those previous roles listed in Employment History section of this form but to matters whenever they occurred at any time. Relevant disclosures are expected, even if the individual was not actually in receipt of a salary.

Question 5.03.1 on Paper Form A/1.3.1 in electronic version
Have you ever been:

(a) Disqualified from acting as a director or similar position (One where the candidate acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?
No additional notes.

(b) The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against you)?
This question includes where the proceedings or internal investigations by a current or a previous employer have yet to be concluded.

(c) The subject of any investigation which has led or might lead to disciplinary proceedings?
This question includes where the proceedings or internal investigations by a current or a previous employer have yet to be concluded.

(d) Notified of any potential proceedings of a disciplinary nature against you?
No additional notes.

(e) The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity?
No additional notes.

Note that, full details must be provided if there were any issues that could affect the fitness and propriety of the individual that arose when leaving an employer listed in the Employment History section.

Question 5.03.2 on Paper Form A/1.3.2 in electronic version
Have you ever been refused entry to, or been dismissed, suspended or requested to resign from, any profession, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated?
No additional notes.

Question 5.03.3 on Paper Form A/1.3.3 in electronic version
Do you have any material written complaints made against you by your clients or former clients in the last five years which you have accepted, or which are awaiting determination, or have been upheld - by an ombudsman or complaints scheme?
No additional notes.

Regulatory Matters
Please see notes in the bullet list under the heading ‘Paper Form A’ earlier in this section for a meaning of regulatory body and authorisation.

These questions are not limited to activities regulated by the FCA or PRA and are not limited to investigations by or matters involving a regulatory or industry body.

Where there is a reference to a regulatory body in the question, this should be interpreted widely and answers should include, for example, activities supervised by overseas financial regulators or other types of regulators such as government or statutory bodies, whether in the UK or overseas.

Question 5.04.1 on Paper Form A/1.4.1 in electronic version
In relation to activities regulated by the FCA and/or PRA or any other regulatory body (see under ‘Regulatory matters’; above), has:

The candidate, or

Any company, partnership or unincorporated associate of which the candidate is or has been a controller, director, senior manager, partner or company secretary, during the candidate's association with the entity and for a period of three years after the candidate ceased to be associated with it, ever -

(a) Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisation, registration, notification, membership or any other permission granted by any such body?
No additional notes.

(b) Been criticised, censured, disciplined, suspended, expelled, fined, or been the subject of any other disciplinary or interventional action by any such body?
No additional notes.
(c) Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the candidate or the firm?

No additional notes.

(d) Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the candidate or the firm?

This includes any type of investigation of which the individual has ever been or is currently the subject (other than a criminal investigation which is dealt with in earlier questions). Be aware that the individual will wish to consider whether they have ever been (or are presently) the subject of any kind of civil investigation. It could also include an investigation by a former UK regulatory body or an investigation by the FCA or PRA.

(e) Been required or requested to produce documents or any other information to any regulatory body in connection with such an investigation (whether against the firm or otherwise)?

No additional notes.

(f) Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the secretary of state, or any other authority, under any such legislation?

No additional notes.

(g) Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any regulatory body?

No additional notes.

(h) Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?

No additional notes.

(i) Been the subject of any civil action in relation to any regulated activity which has resulted in a finding by a court?

No additional notes.

(j) Provided payment services or distributed or redeemed e-money on behalf of a regulated firm or itself under any contractual agreement where that agreement was terminated by the regulated firm?

No additional notes.

(k) Been convicted of any criminal offence, censured, disciplined, or publicly criticised, by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other regulatory body (other than as indicated in this group of questions)?

No additional notes.

Question 5.04.2 on Paper Form A/1.4.2 in electronic version

In relation to activities regulated by the FCA/PRA or any other regulatory body, have you or any firm at which you hold or have held a position of influence at any time during and within one year of your association with the firm ever:

(a) Been found to have carried on activities for which authorisation or registration by the FCA/PRA or any other regulatory body is required without the requisite authorisation?

(b) Been investigated for the possible carrying on of activities requiring authorisation or registration by the FCA/PRA or any other regulatory body without the requisite authorisation whether or not such investigation resulted in a finding against you?

(c) Been found to have performed a controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval?
(d) Been investigated for the possible performance of a controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval, whether or not such investigation resulted in a finding against you?

(e) Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the FCA/PRA of the identity of a person acting in a position of influence over its electronic money or payment services business?

(f) Been the subject of a disqualification direction under section 59 of the Financial Services Act 1986 or a prohibition order under section 56 of FSMA, or received a warning notice proposing that such a direction or order be made, or received a private warning?

These questions relate to the performance of activities by firms or individuals without the appropriate licence or approval etc. These questions require the PSD individual or applicant firms to carefully consider what matters might be relevant and, where necessary, to find out the necessary information before submitting the form.

Other Matters

Question 5.05.1 on Paper Form A/1.5.1 in electronic version

Are you, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the controlled functions for which approval is now being sought/in the respect of your control of the firm/with your role as controller of the applicant firm or your position at the controller?

No additional notes.

Question 5.05.2 on Paper Form A/1.5.2 in electronic version

Does the candidate have, or know of, any:

(a) Qualifying ownership or any other form of substantial influence in the firm or group, or any other companies? If yes, please provide:

   (1) Company name and registration number

   (2) Nature and scope of the operations

   (3) The registered office of the company

   (4) Possession in percentage

(b) Close relatives with ownership shares in the firm or group?

(c) Close relatives with any other financial relations in the firm or group?

(d) Any other commitments that may give rise to a conflict of interest?

For Solvency II and large NDF firms only. Candidates for CF30 only, are not required to answer this question.

As defined in article 13(21) of the Solvency II Directive, qualifying ownership is ‘direct or indirect holding in an undertaking which represent 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking’.

Question 5.05.2 (or 5.05.3 where applicable) on Paper Form A/1.5.2 (or 1.5.3 where applicable) in electronic version

Are you aware of any other information relevant to this notification that we might reasonably expect you to give?

No additional notes.
Question 5.05.3 (or 5.05.4 where applicable) on Paper Form A/1.5.3 (or 1.5.4 where applicable) in electronic version

Has the firm undertaken a criminal records check in accordance with the requirements of the FCA or PRA?

Please note that a firm is required to request the fullest information that it is lawfully able to obtain about the candidate under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application. (SUP 10C.10.16R in the FCA Handbook and PRA Rulebook: Fitness and Propriety or Insurance – Fitness and Propriety)

No additional notes.

Question 5.05.4 (or 5.05.5 where applicable) on Paper Form A/1.5.4 (or 1.5.5 where applicable) in electronic version

Has/Have a reference or references been obtained from previous employer(s) in accordance with the requirements of the FCA or PRA?

If No, please provide details why the reference or references has/have not been obtained.


Supporting Documents

If you are using the paper forms, this section contains the notes you will need for Section 6 – Supplementary information.

If you are completing a Paper Form A please refer to ‘Supplementary Information (Paper Form A)’ below

Documents (Connect)

Please include any other documents you want to provide

This section provides the opportunity for any additional documents to be included.

For more information on the factors which the FCA and/or PRA may take into account when considering application, please refer to FIT in the FCA Handbook and/or SS28/15 for deposit takers, and SS35/15 for insurers, as appropriate (published on the PRA website).

Other Information (Connect)

If there is anything else the applicant would like to tell us about this application please give details below

This section provides the opportunity for any additional information to be included.

For more information on the factors which the FCA and/or PRA may take into account when considering application, please refer to FIT in the FCA Handbook and/or SS28/15 for deposit takers, and SS35/15 for insurers, as appropriate (published on the PRA website).

Supplementary Information (Paper Form A)

This section provides space for additional information. It should be used to disclose additional information about “yes” answers in section 5 of the full Form A and any information which is not the subject of a specific question in section 5, but might be relevant to the consideration of fitness and propriety, including in relation to the reasons for leaving the firms listed in section 4. For more information on the factors which the FCA and/or PRA may take into account when considering applications, please refer to FIT in the FCA Handbook and/or SS28/15 for deposit takers and SS35/15 for insurers, as appropriate (published on the PRA website).

List here all directorships currently held or previously held in the past ten years by the candidate.

Supporting documentation must also be provided, such as evidence of the settlements of CCJs.

Individual Declaration
If you are using the paper forms, this section contains the notes you will need for Section 7 – Declarations and signatures.

It is a criminal offence under section 398 of FSMA to knowingly or recklessly provide the FCA and/or PRA with false or misleading information.

If you are completing a Paper Form A please refer to ‘Declarations and Signatures (Paper forms)’ below

Declaration and Signatures (Connect)
This section must be completed by the sole trader responsible for making the application.

The signature boxes are for you to use when you print out the application for your records.

A permanent copy of the application should be signed by the individual and the applicant and be retained for an appropriate period of time, for inspection at the FCA’s/PRA’s request.

Declarations and Signatures (Paper Forms)
This section contains declarations which must be signed by both an appropriate individual for the firm or applicant submitting the application and the candidate. Signatures MUST NOT be dated more than three months prior to the date of submission of the application. The FCA and/or PRA considers that an appropriate individual would either be an individual approved [to perform a SIF, SMF or a PRA controlled function] or someone to whom the firm has delegated the authority to notify the FCA and/or PRA. The candidate should not sign the declaration on behalf of the firm unless they are a sole trader or the sole director in a limited company. If this authority has been delegated, the firm should keep records of those individuals authorised to sign on behalf of the firm. All signatures submitted on forms should be originals.

It is a criminal offence under section 398 of the to knowingly or recklessly provide the FCA and/or PRA with false or misleading information.

Incoming EEA firms undertaking non-MiFID business must confirm by using the tick box that the candidate is competent to perform the controlled function(s) for which this application is made.
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

This annex consists only of one or more forms. Note that there are separate forms for Solvency II firms, large and small non-directive insurers and other firms. Swiss general insurers must use the form for large non-directive insurers not the form for Solvency II firms. It also includes the scope of responsibilities form which must be included as an attachment to Form E in certain cases. Forms are to be found through the following address: Supervision forms - SUP 10A Annex 8.

Scope of responsibilities form can be found at SUP 10A Annex 4D.

Form E for firms which are not Solvency II firms (including large non-directive insurers) or small non-directive insurers (and are not Relevant Authorised persons):

Form E for firms which are not Solvency II firms (including large non-directive insurers) or small non-directive insurers:

GUIDANCE NOTES: INTERNAL TRANSFER OF AN APPROVED PERSON

PLEASE NOTE: A CANDIDATE MUST NOT BEGIN PERFORMING ANY CONTROLLED FUNCTIONS UNTIL THE FCA AND/OR PRA HAS GRANTED APPROVAL.

Full details of the approved persons regime including the Senior Managers Regime and the Senior Insurance Managers Regime can be found in SUP 10A and SUP 10C of the FCA Handbook and the Parts relating to the Senior Managers Regime and Senior Insurance Managers Regime in the PRA Rulebook (these include the Insurance – Senior Insurance Management Functions, Insurance – Fitness and Propriety, Insurance – Allocation of Responsibilities and Insurance – Conduct Standards parts of the PRA Rulebook). Firms should also refer for further information to the PRA supervisory statements - SS 28/15 for deposit takers, and SS 35/15 for insurers.

The purpose of this Form

This is Form E referred to in:

• SUP 10A and SUP 10C in the FCA Handbook;
• the Senior Managers Regime – Applications and Notifications Part of the PRA Rulebook; and
• the relevant “Senior Insurance Managers Regime – Applications and Notifications” Parts in the “Solvency II firms” and “Non-Solvency II Firms” sectors of the PRA Rulebook.

A firm should use Form E when an approved person ceases to perform one or more controlled functions and the firm wishes to apply for approval for the individual in respect of other controlled functions. Form E should not be used for a qualified withdrawal (see SUP 10A.14.10R and SUP 10C.14.7R in the FCA Handbook, Chapter 5 of Senior Management Regime – Applications and Notifications and Chapter 4.2 of Solvency II firms: Senior Insurance Managers Regime – Applications and Notifications in the PRA Rulebook). Form E may also be used for transfers between firms that are part of the same group:

Form E should not be used in the circumstances set out in SUP 10A.14.4D(2)-(3) or SUP 10C.10.9D(2)-(4) of the FCA Handbook; or Senior Managers Regime – Applications and Notifications 2.4 & 2.5 or Senior Insurance Managers Regime - Applications and Notifications 2.4 & 2.5 of the PRA Rulebook.

Form C must be used if the individual is ceasing to perform a controlled function and the firm is not seeking approval in respect of another controlled function.
Form A must be completed in full if the approved person is seeking approval in respect of a controlled function including a senior management function or senior insurance management function for the first time.

Completing this Form

If in manuscript, Form E must be completed in black ink and in BLOCK LETTERS.

All dates should be provided in numeric form (e.g. 29/02/2000 for 29 February 2000).

Indicate clearly if a question is not applicable. Tick the appropriate box where a yes/no answer is required. Further details should be given in section 5 (Supplementary Information) if there is insufficient space for a detailed answer.

Additional information can be attached to the Form. It must be securely attached to the rest of the Form and you must indicate at question 5.02 the number of additional sheets attached.

Do not assume that information is known to the FCA and/or PRA merely because it is in the public domain, or has been previously disclosed to the FCA and/or PRA or to another regulatory body. In all circumstances, disclosures should be full, frank and unambiguous. The information supplied by the candidate should be verified by the firm wherever possible. Should the FCA and/or PRA vetting checks reveal any matters that have not been disclosed, then applications will be delayed and, in some cases, possibly rejected. See SUP 10A.13.12G and SUP 10C.10.30G of the FCA Handbook.

Expressions in Form E in italics have the meaning given in the Glossary to the FCA Handbook (or, if no meaning is given there, the expressions are to be interpreted in accordance with the related expression defined in the Glossary).

The firm is responsible for the completion of Form E. If Form E is not fully and correctly completed, the FCA and/or PRA may need to return it for proper completion. This could significantly delay the FCA and/or PRA’s decision on whether to grant approval to perform the requested controlled functions (see SUP 10A.13.12G and SUP 10C.10.30G of the FCA Handbook).

The FCA and/or PRA may require the applicant to provide further information at any time after receiving an application and before determining whether it is to be granted or not (see SUP 10A.13.14G, SUP 10B.11.13G and SUP 10C.10.28G in the FCA Handbook).

If a firm has provided, or has information that reasonably suggests that it may have provided, the FCA and/or PRA with information which was or has become false, misleading, incomplete or inaccurate, in a material particular, it must notify the FCA and/or PRA immediately (see SUP 15.6.4R in the FCA Handbook, Notification 6 in the PRA Rulebook and the equivalent Parts in the “Solvency II firms” and “Non-Solvency II Firms” sectors of the PRA Rulebook). Failure to notify the FCA and/or PRA may result in a delay in processing or rejection.

SECTION 4 – ARRANGEMENTS AND CONTROLLED FUNCTIONS

The firm must tick the box in 4.01 that most accurately describes its arrangement with the candidate. For applications from a single firm, the firm should complete 4.02, 4.03 & 4.04 indicating the controlled functions required by selecting the appropriate box in 4.02. However, if the application is being made on behalf of a candidate who will carry out controlled functions for more than one firm, 4.05 must be used to describe the controlled functions and the relationships between the candidate and those firms. For senior management functions, firms should use 4.04 in the relevant Form E.

4.01If this application relates to more than one appointed representative, provide details in section 5.
4.02 If the controlled function 28 or 29 is requested, the specific job title of the candidate should be included.

4.03 The effective date is the date on which the firm wishes the candidate to begin performing controlled functions (subject to approval). This should be left blank unless there is a reason for the effective date to be beyond the FCA and/or PRA published standard response times. For instance, a firm may wish to be sure that a candidate has been approved before they take up their post.

4.04 Insurance distribution

This is not a controlled function in its own right. However, every firm that carries on insurance distribution activities must appoint an approved person(s) who will be responsible for insurance distribution activities at the firm (as detailed at MIPRU 2.2).

This responsibility must be allocated to a member of the governing body of the firm or in certain circumstances, a senior manager. (i.e. an individual that is applying for approval as CF1, 3-8 or 29).

Where a firm has appointed an appointed representative to carry on insurance distribution activities on its behalf, the person responsible for the firm’s insurance distribution activities will also be responsible for the insurance distribution activities carried on by an appointed representative.

Unless the firm indicates otherwise, the FCA and/or PRA assumes that the arrangement given on the application form includes all of the activities that fall within the description of the controlled function. This means that a firm may alter a candidate’s responsibilities within the broad description of a controlled function without needing further approval from the FCA and/or PRA. However, they will be required to record this change on the scope/statement of responsibilities record (where applicable) that is maintained by the firm for each individual performing a controlled function.

SECTION 5 – SUPPLEMENTARY INFORMATION

This section provides extra space for any previous answer and for additional information relevant to this application.

The firm must include details of any other matter which the firm is aware of and which in its reasonable opinion is relevant in connection with the approved person ceasing to perform their controlled function. If there is insufficient space, additional sheets may be used.

SECTION 6 – DECLARATIONS AND SIGNATURES

This section contains declarations which must be signed by both an appropriate individual for the firm or applicant submitting the application and the candidate. The FCA and/or PRA considers that an appropriate individual would either be an individual approved [to perform a SIF, SMF or a PRA controlled function] or someone to whom the firm has delegated the authority to notify the FCA and/or PRA. If this authority has been delegated, the firm should keep records of those individuals authorised to sign on behalf of the firm.

N.B. Please keep these notes before returning the completed Form to the FCA and/or PRA.

If you have any questions or need additional information, please contact the FCA Customer Contact Centre on 0300 500 0597 or PRA Firm Enquiries on 020 3461 7000 or e-mail iva@fca.org.uk or PRA.firmenquiries@bankofengland.co.uk.

PLEASE RETURN THE COMPLETED FORM TO:

<table>
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<th>Prudential Regulation Authority</th>
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<tr>
<td>12 Endeavour Square</td>
<td>20 Moorgate</td>
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| United Kingdom | EC2R 6DA  
United Kingdom |
Form G: The Retail Investment Adviser Complaints Alerts Form

[deleted]
MiFID Article 4 APER Information Form
Chapter 10B

PRA Approved Persons
10B.1 Application

General

10B.1.1 R

10B.1.2 G

10B.1.3 G

10B.1.4 G

10B.1.5 R

Overseas firms: UK services

10B.1.6 R

Overseas firms: UK establishments

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
Committees of the Society of Lloyd’s

10B.1.13

Insolvency practitioners

10B.1.15

Appointed representatives

10B.1.16
10B.2 Purpose

10B.2.1
### 10B.3 Basic rules for all PRA controlled functions

**The need for an arrangement**

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**Significant-influence functions**

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**Actions for damages**

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Section 10B.4: Specification of functions

10B.4 Specification of functions

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10B.4.2 G
10B.4.3 R
10B.5 Temporary vacancies
## 10B.6 PRA governing functions

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| 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 |
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### Partner function (CF4)

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| 10B.6.13 | R |
10B.6.14 R

Director of unincorporated association function (CF5)

10B.6.15 R

Small friendly society function (CF6)

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10B.6.17 R

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10B.6.20 G
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The FCA's apportionment and oversight function (CF8)

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With-profits actuary function (CF12A)

Lloyd's actuary function (CF12B)
### 10B.9 Systems and controls function

#### Systems and controls function (CF28)

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10B.10 Procedures relating to PRA-approved persons

Forms

10B.10.1
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10B.11.4

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The need for complete and accurate information

...
Section 10B.14: How to apply for approval and give notifications

10B.14 How to apply for approval and give notifications

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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
10C.1 Application

General

10C.1.1
This chapter applies to every SMCR firm.

10C.1.2
This chapter is also relevant to FCA-approved SMF managers of an SMCR firm.

10C.1.2A
SUP 10C Annex 1 (What functions apply to what type of firm) sets out:

(1) how this chapter applies to different types of SMCR firm; and

(2) the SMCR firms to which this chapter does not apply.

Overseas firms: UK services

10C.1.3
This chapter does not apply to an overseas SMCR firm other than in relation to an establishment maintained by it or its appointed representative in the United Kingdom.

EEA firms: general application

10C.1.4
This chapter does not apply to 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 under:

(1) the Single Market Directives;

(2) the Treaty;

(3) the auction regulation;

the benchmarks regulation.

10C.1.5
(1) SUP 10C.1.4R reflects the provisions of section 59(8) of the Act and, where relevant, the Treaty.

(2) It preserves the principle of Home State prudential regulation.

(3) For an EEA SMCR firm, the effect is to reserve to the Home State regulator the assessment of fitness and propriety of a person.
performing a function in the exercise of an EEA right. A member of the governing body, or the notified UK branch manager, of an EEA SMCR firm, acting in that capacity, will not, therefore, have to be approved by the FCA under the Act.

(3A) For example, persons in Solvency II firms which are incoming EEA firms are not expected to be carrying out FCA functions to the extent that the person will be regarded as effectively running the firm or responsible for a Solvency II Directive ‘key function’.

(4) Aside from (1) to (3A) an EEA SMCR firm should have:

(a) considered the impact of the Host State rules with which it is required to comply when carrying on a passported activity or a Treaty activity through a branch in the United Kingdom;

(b) been notified of those provisions under Part II of Schedule 3 to the Act in the course of satisfying the conditions for authorisation in the United Kingdom; and

(c) considered, for example, the position of a branch manager based in the United Kingdom who may also be performing a function in relation to the carrying on of a regulated activity not covered by the EEA right of the firm. In so far as the function is within the description of an FCA controlled function, the firm will need to seek approval for that person to perform that FCA controlled function.

Overseas firms: general

10C.5A

(1) Generally, where an overseas manager of an overseas SMCR firm has responsibilities in relation to its branch in the United Kingdom that are strategic only, they will not need to be an FCA-approved SMF manager.

(2) However, where an overseas manager is responsible for implementing that strategy for its branch in the United Kingdom, and has not delegated that responsibility to an SMF manager in the United Kingdom, they will potentially be performing an FCA controlled function if the detailed conditions in this chapter defining the relevant FCA controlled function are met.

UK firm with overseas branches or providing services on a cross-border basis

10C.6

There are no territorial limitations to SUP 10C for:

(1) overseas branches of UK firms; or

(1) UK firms providing services into or out of the United Kingdom on a cross-border basis.

Appointed representatives

10C.7

This chapter does not deal with an approved person who is approved under SUP 10A.1.16BR (Appointed representatives).
10C.8  

(1)  [SUP 10A.1.15R to SUP 10A.1.16DG (Appointed representatives)] deal with the approved persons regime for appointed representatives of SMCR firms.

(2)  In general this chapter does not apply to appointed representatives of SMCR firms. [SUP 10A] applies instead.

(2)  In theory, a person employed by an appointed representative of an SMCR firm could come within one of the controlled functions in this chapter. If so, that person will be performing a senior management function and this chapter would apply. However, the FCA thinks that such a situation should rarely arise unless the person is seconded to the firm.

If a person is an approved person under this chapter and under [SUP 10A] for the same firm, this chapter applies to FCA-designated senior management functions under this chapter and [SUP 10A] applies to controlled functions under [SUP 10A]. It is unlikely that such a scenario would normally arise in practice.

**Insolvency practitioners**

10C.9  

This chapter does not apply to a function performed by a person acting as:

(1)  an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986;

   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.10  

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.11  

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

See MIPRU 2.2 (Allocation of the responsibility for insurance distribution activity or MCD credit intermediation activity) for how the FCA’s senior managers regime for SMCR firms is adjusted for a firm carrying on insurance distribution activity or MCD credit intermediation activity.
10.2 Purpose

10.2.1 The purpose of SUP 10C is:

1. to specify, under [section 59](#) of the Act, descriptions of the FCA-designated senior management functions for SMCR firms, which are listed in SUP 10C.4.3R; and

2. to specify the manner in which a firm must apply for the FCA’s approval under [section 59](#) of the Act and other procedures for FCA-approved SMF managers;

10.2.2 [deleted]

10.2.3 (1) The FCA has certain powers in relation to [PRA-approved persons](#), such as the requirement for FCA consent to the PRA granting approval for the performance of a PRA controlled function. SUP 10C does not deal with these.

(2) However, SUP 10C.12.1G has material about the FCA’s policy on giving its consent to applications made to the PRA about conditional and time-limited approvals for SMF managers in PRA-authorised persons.

10.2.4 SUP 10C.14 (Changes to an approved person’s details) applies, in certain cases, to PRA-approved persons. Where this is the case, it says so.
10C.3 General material about the definition of controlled functions

Purpose

10C.3.1 This section has general provisions that apply to the definition of all controlled functions.

Types of controlled function

10C.3.2 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 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 The FCA has (in SUP 10A) specified controlled functions for SMCR firms that are not designated senior management functions. (See SUP 10C.1.7R to SUP 10C.1.8G (Appointed representatives)).

10C.3.5 (1) Except as described in SUP 10C.4.4G, 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 In accordance with section 59 of the Act (Approval for particular arrangements), a function specified in this chapter is an FCA controlled function.
Section 10C.3 : General material about the definition of controlled functions

10C.3.7 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 (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 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

Each FCA-designated senior management function is one which comes within the definition of a senior management function.

10C.3.11 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.
(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 (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 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 Table of FCA-designated senior management functions for SMCR firms

<table>
<thead>
<tr>
<th>Type</th>
<th>SMF</th>
<th>Description of FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCA governing functions</td>
<td>SMF 3</td>
<td>Executive director function</td>
</tr>
<tr>
<td></td>
<td>SMF 13</td>
<td>Chair of the nomination committee function</td>
</tr>
<tr>
<td></td>
<td>SMF 15</td>
<td>Chair of the with-profits committee function</td>
</tr>
<tr>
<td></td>
<td>SMF 27</td>
<td>Partner function</td>
</tr>
<tr>
<td>FCA required functions</td>
<td>SMF 16</td>
<td>Compliance oversight function</td>
</tr>
<tr>
<td></td>
<td>SMF 17</td>
<td>Money laundering reporting function</td>
</tr>
<tr>
<td></td>
<td>SMF 18</td>
<td>Other overall responsibility function</td>
</tr>
<tr>
<td></td>
<td>SMF 22</td>
<td>Other local responsibility function</td>
</tr>
<tr>
<td></td>
<td>SMF 23b</td>
<td>Conduct risk oversight (Lloyd’s) function</td>
</tr>
<tr>
<td>Other high-level management functions</td>
<td>SMF 21</td>
<td>EEA branch senior manager function</td>
</tr>
</tbody>
</table>

10C.4.4 As described in SUP 10C.1.7R to SUP 10C.1.8G (Appointed representatives), SUP 10A specifies certain other controlled functions for SMCR firms.
10C.4A FCA governing functions: General

PRA-authorised persons

10C.4A.1 10C.4A (Minimising overlap with the PRA approved persons regime) explains that in many cases a person performing one of the functions set out in 10C.5 or 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.
10C.5 FCA governing functions: Executive

Executive director function (SMF3): General

10C.5.1  
(1) For a UK SMCR firm, the executive director function is the function of acting in the capacity of a director (other than a non-executive director) of the firm.

(2) For an overseas SMCR firm, the executive director function is the function of acting in the capacity of a director (other than a non-executive director) in relation to its branch in the United Kingdom where the person performing that function has responsibility for managing one or more aspects of the firm’s affairs so far as relating to the activities of the branch.

(3) Paragraph (2) includes a person who is a member (other than a non-executive member) of the branch’s governing body.

(4) The executive director function does not apply to a UK SMCR firm that is:
   (a) a partnership; or
   (b) a limited liability partnership.

10C.5.2  [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.5A.3R]

10C.5.3  [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.5A.4G]

10C.5.4  [deleted]

10C.5.5  [deleted]

10C.5.6  [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.5A.1G]

10C.5.7  [deleted]
Executive director function: Extension of definition for Lloyd’s

10C.5.8 R

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.

Executive director function: Adjustment of definition for non-directive friendly societies

10C.5.9 R

(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 member of the firm’s governing body. 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.

10C.5.11 G

In practice, 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 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 (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.
10C.5A FCA governing functions: Oversight

### Non-executive directors

10C.5A.1

(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

(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 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 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 If the firm has a with-profit 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 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.
10C.6  FCA-required functions

Compliance oversight function (SMF16)

10C.6.1  The *compliance oversight function* is the function of acting in the capacity of a *person* who is allocated the function in:

- SYSC 6.1.4R(2);
- article 22(3) of the *MiFID Org Regulation*;
- article 22(3) of the *MiFID Org Regulation* (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);

(4) SYSC 6.1.4CR; or

(5) SYSC 3.2.8R.

Money laundering reporting function (SMF17)

10C.6.2  The *money laundering reporting function* is the function of acting in the capacity of the *money laundering reporting officer* of a *firm*.

Conduct risk oversight (Lloyd’s) function (SMF23b)

10C.6.4  The *conduct risk oversight (Lloyd’s) function* is the function of acting in the capacity of a *person* who is allocated the function in SYSC 3.2.9AR.
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; and

(2) a Solvency II firm (including a large non-directive insurer) but excluding an insurance special purpose vehicle and certain firms in run-off.

Definition

10C.7 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; 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 firm.

The other overall responsibility function does not apply if approved for another function.

10C.7.2 G The table in SUP 10C.7.3G gives examples of how SUP 10C.7.1R(2) works.
<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) ‘A’ is appointed to perform the executive director function and to perform a potential other overall responsibility function for the same firm.</td>
<td>A only needs approval to perform the executive director function.</td>
</tr>
<tr>
<td>(2) ‘A’ is approved to perform the other overall responsibility function. Later, A is appointed to perform the executive director function for the same firm.</td>
<td>A requires approval for the other overall responsibility function when A is first appointed. When A is later approved to perform the executive director function, A stops performing the other overall responsibility function. The firm should use Form E to apply for approval for A to perform the executive director function and to notify the FCA that A is no longer performing the other overall responsibility function.</td>
</tr>
<tr>
<td>(3) ‘A’ is appointed to perform the PRA’s Head of Key Business Area designated senior management function for Firm X and to perform a potential other overall responsibility function for the same firm. Firm X is an SMCR banking firm.</td>
<td>A only needs approval to perform the PRA’s Head of Key Business Area designated senior management function. It does not make any difference whether the potential other overall responsibility function that A performs is connected to the PRA’s Head of Key Business Area designated senior management function.</td>
</tr>
<tr>
<td>(4) ‘A’ is approved to perform the other overall responsibility function for Firm X. Firm X is an SMCR banking firm. Later, A is appointed to perform the PRA’s Head of Key Business Area designated senior management function for the same firm.</td>
<td>A requires approval for the other overall responsibility function when A is first appointed. When A is later approved to perform the PRA’s Head of Key Business Area designated senior management function, A stops performing the other overall responsibility function.</td>
</tr>
<tr>
<td>(5) ‘A’ is appointed to perform: (a) the compliance oversight function for one firm (Firm X) in a group (which may or may not be an SMCR firm to which the other overall responsibility function applies); and (b) a function coming within the scope of the other overall responsibility function for another firm (which is a an SMCR firm to which the other overall responsibility function applies) in the same group (Firm Y).</td>
<td>A needs approval to perform the compliance oversight function for Firm X and the other overall responsibility function for Firm Y.</td>
</tr>
<tr>
<td>(6) ‘A’ is appointed to be head of sales for Firm X and to report directly to the firm’s governing body about this. This function also comes within the PRA’s Head of Key Business Area designated senior management function. Firm X is an SMCR banking firm.</td>
<td>A only needs approval to perform the PRA’s Head of Key Business Area designated senior management function.</td>
</tr>
</tbody>
</table>
### Example Comments

<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(7) ‘A’ is appointed to take on some functions that come within the other overall responsibility function. Later, A is appointed as chief risk officer. The firm is one of those for which being chief risk officer is a PRA-designated senior management function.</td>
<td>On A’s first appointment, A will need to be approved to perform the other overall responsibility function. On being appointed as chief risk officer, A will stop performing the other overall responsibility function.</td>
</tr>
<tr>
<td>(8) ‘A’ is appointed to a role for Firm X that comes within the other overall responsibility function. Firm X is an SMCR banking firm. Later, the firm reorganises and A’s role comes within the PRA’s Head of Key Business Area designated senior management function. A’s role does not otherwise change.</td>
<td>On A’s first appointment, A will need to be approved to perform the other overall responsibility function. When A is later approved to perform the PRA’s Head of Key Business Area designated senior management function, A stops performing the other overall responsibility function.</td>
</tr>
<tr>
<td>(9) ‘A’ is appointed to a role for Firm X that comes within the PRA’s Head of Key Business Area designated senior management function. It is also a potential other overall responsibility function. Later, the firm reorganises—A’s role stays the same but now it falls outside the PRA’s Head of Key Business Area designated senior management function.</td>
<td>On A’s first appointment, A only needs approval to perform the PRA’s Head of Key Business Area designated senior management function. Following the reorganisation, the firm has three months to get approval for A to perform the other overall responsibility function. This three-month period applies because the relevant PRA rules keep the PRA’s Head of Key Business Area designated senior management function in place, which means that the other overall responsibility function does not apply during that period. The relevant PRA rules can be found in Chapter 2 of the part of the PRA Rulebook titled ‘Senior Management Functions’. This example only applies if Firm X is an SMCR banking firm. If Firm X is an insurer it will need to obtain FCA approval before the reorganisation takes effect as the relevant PRA insurance rules are different from the ones for SMCR banking firms. The answer to example (9) applies.</td>
</tr>
<tr>
<td>(10) ‘A’ is appointed to a role for Firm X that comes within the PRA’s Head of Key Business Area designated senior management function. A also performs a potential other overall responsibility function. Later, A gives up the PRA role but carries on with the potential other overall responsibility function.</td>
<td>On A’s first appointment, A will need to be approved to perform</td>
</tr>
</tbody>
</table>
Example | Comments
--- | ---
up a job with the same firm coming within the other overall responsibility function. | the executive director function. A will need to get approval to perform the other overall responsibility function before A takes up their new responsibilities.

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).

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.

### Non-executive directors

#### 10C.7.4

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

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

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

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.

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 (2) 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](#) works; and

2. other examples of how the other local responsibility function works.
### Example Comments

<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) ‘A’ is allocated local responsibility for one of a branch’s main business lines. A is also appointed to perform a PRA-designated senior management function for the same branch.</td>
<td>A only needs approval to perform the PRA-designated senior management function.</td>
</tr>
<tr>
<td>(2) ‘A’ is outside the branch’s management structure and A’s responsibilities for the branch are limited to setting overall strategy for the branch. A does not have responsibility for implementing that strategy.</td>
<td>A is not performing the other local responsibility function. The reason for this is explained in SYSC 26.8.3G. SUP 10C.8.1(2) is irrelevant to this example.</td>
</tr>
<tr>
<td>(3) A small branch undertakes two business lines (wholesale lending and corporate investments). ‘A’ is head of wholesale lending and is also an executive director 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 FCA-designated senior management function or PRA-designated senior management function.</td>
<td>A only needs approval to perform the other local responsibility function. B needs approval to perform the other local responsibility function.</td>
</tr>
<tr>
<td>(4) A branch does not have a Head of Internal Audit. ‘P’ is allocated local responsibility for internal audit in relation to that branch.</td>
<td>P needs approval to perform the other local responsibility function. However, if P has already been approved to perform another FCA-designated senior management function or PRA-designated senior management function for that firm, then P will not be performing the other local responsibility function.</td>
</tr>
<tr>
<td>(5) ‘A’ is appointed to perform the executive director function. The same branch also allocates local responsibility for some branch functions to A.</td>
<td>A only needs approval to perform the executive director function.</td>
</tr>
<tr>
<td>(6) ‘A’ is approved to perform the other local responsibility function. Later, A is appointed to perform the executive director function for the same firm.</td>
<td>A requires approval for the other local responsibility function when A is first appointed. When A is later approved to perform the executive director function, A stops performing the other local responsibility function. The firm should use Form E to apply for approval for A to perform the executive director function and to notify the FCA that A is no longer performing the other local responsibility function.</td>
</tr>
<tr>
<td>(7) ‘A’ is appointed to perform:</td>
<td>A needs approval to perform the compliance oversight function for Firm X and the other local responsibility function for Firm Y.</td>
</tr>
<tr>
<td>(a) the compliance oversight function for one firm (Firm X) in a group (which may or may not be an</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Example

<table>
<thead>
<tr>
<th>SMCR firm to which the other local responsibility function applies; and</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) a function coming within the scope of the other local responsibility function for the United Kingdom branch of another firm (which is an overseas SMCR firm to which the other local responsibility function applies) in the same group (Firm Y).</td>
</tr>
</tbody>
</table>

(8) ‘A’ is appointed to take on some functions that come within the other local responsibility function. Later, A is appointed as chief risk officer. A is a type of firm for which being chief risk officer is a PRA designated senior management function.

(9) ‘A’ is appointed as an executive director. A then resigns and takes up a job with the same firm coming within the other local responsibility function.

On A’s first appointment, A will need to be approved to perform the other local responsibility function.

On being approved as chief risk officer, A stops performing the other local responsibility function.

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 local responsibility function before A takes up their new responsibilities.

Note: Local responsibility is explained in SYSC 26 (Senior managers and certification regime: Overall and local responsibility).

### 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.
This section applies to an EEA SMCR firm.

(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 activities of a firm for which it has a top-up permission.

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.
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.

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.
10C.9 Minimising overlap with the PRA approved persons regime

Introduction

10C.9.1 SUP 10C.9 deals with how the FCA's senior managers regime for SMCR firms interacts with the PRA's one.

10C.9.2 Both the FCA and the PRA may specify a function as a designated senior management function in relation to a PRA-authorised person.

10C.9.3 If a person's job for a firm involves performing:

(an FCA-designated senior management function, the firm should apply to the FCA for approval;

(2) a PRA-designated senior management function, the firm should apply to the PRA for approval;

(3) both an FCA-designated senior management function and a PRA-designated senior management function, the firm should apply to both the FCA and the PRA for approval (the purpose of SUP 10C.9 is to cut down the need for this sort of dual approval).

FCA controlled functions absorbed into PRA controlled functions

10C.9.4 The FCA is under a duty, under section 59A of the Act (Specifying functions as controlled functions: supplementary), to exercise the power to specify any senior management function as an FCA controlled function in a way that it considers will minimise the likelihood that approvals need to be given by both the FCA and the PRA for the performance by a person of senior management functions in relation to the same PRA-authorised person.

10C.9.5 The FCA and PRA have coordinated their approved person regimes to reduce the amount of overlap.

10C.9.6 (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.

Table: Examples of how the need for dual FCA and PRA approval in relation to PRA-authorised persons is reduced

<table>
<thead>
<tr>
<th>Example</th>
<th>Whether FCA approval required</th>
<th>Whether PRA approval required</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A is appointed as chief risk officer and an executive director.</td>
<td>No. A is not treated as performing the executive director function.</td>
<td>Yes</td>
<td>Chief risk officer is a PRA-designated senior management function. A’s functions as a director will be included in the PRA-designated senior management function. To avoid the need for FCA approval, A’s appointment as director should not take effect before PRA approval for the chief risk officer role.</td>
</tr>
<tr>
<td>(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 firm’s shareholders or governing body.</td>
<td>No</td>
<td>Yes</td>
<td>The answer for (1) applies. The arrangements in this section apply if the application to the PRA says that A will start to perform the potential FCA governing function around the time of the PRA approval as well as at that time.</td>
</tr>
<tr>
<td>(3) Same as example (1) but the application to the PRA does not mention that it is also intended that A is to be an executive director.</td>
<td>Yes, to perform the executive director function.</td>
<td>Yes</td>
<td>SUP 10C.9.8R does not apply if the application for PRA approval does not say that A will also be performing what would otherwise be an FCA governing function.</td>
</tr>
<tr>
<td>(4) A is to be appointed as chief executive and an</td>
<td>No. A is not treated as performing the exec-</td>
<td>Yes</td>
<td>Being a chief executive is a PRA-designated senior</td>
</tr>
</tbody>
</table>
### Example | Whether FCA approval required | Whether PRA approval required | Comments |
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>executive director.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) A is appointed as chief risk officer. Later, A is appointed as an executive director while carrying on as chief risk officer.</td>
<td>Yes, when A takes up the director role. The executive director function applies.</td>
<td>Yes, when A takes up the chief risk officer role.</td>
<td>management function. A’s functions as a director will be included in the PRA controlled function. SUP 10C.9.8R does not apply because, when the firm applied for approval for A to perform the PRA chief risk officer designated senior management function, there was no plan for A also to perform the executive director function.</td>
</tr>
<tr>
<td>(6) A is appointed as an executive director. Later, A takes on the chief risk officer function and remains as an executive director.</td>
<td>Yes, when A is appointed as director. The executive director function applies.</td>
<td>Yes, when A takes up the chief risk officer role.</td>
<td>When A is appointed as chief risk officer, A is still treated as carrying on the executive director function. A retains the status of an FCA-approved person.</td>
</tr>
<tr>
<td>(7) A is appointed as chief risk officer. A then stops performing that role and for a while does not perform any controlled function for that firm. Later, A is appointed as an executive director with the same firm.</td>
<td>Yes, when A is appointed as an executive director. The executive director function applies.</td>
<td>Yes, when A takes up the chief risk officer role.</td>
<td>SUP 10C.9.8R does not apply because there is no current PRA approval when A is being appointed as a director.</td>
</tr>
<tr>
<td>(8) A is appointed as an executive director and chief risk officer at the same time. Later, A gives up the role as chief risk officer but remains No, on A’s first appointment (see example (1)). But when A gives up the role as chief risk officer, FCA approval is needed to perform the execut-</td>
<td>Yes, on A’s first appointment.</td>
<td></td>
<td>When A stops being a chief risk officer, A stops performing a PRA-designated senior management function. However, being an</td>
</tr>
</tbody>
</table>
### Example

<table>
<thead>
<tr>
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<th>Whether PRA approval required</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>as an executive director.</td>
<td>i.e. director function.</td>
<td></td>
<td>executive director requires FCA approval. A does not have that approval because A did not need it when A was first appointed.</td>
</tr>
<tr>
<td></td>
<td>Form E should be used. The application should state that it is being made as a result of A ceasing to perform a PRA-designated senior management function.</td>
<td></td>
<td>The combined effect of SUP 10C.9.8R and the relevant PRA rules is that the firm has three months to secure approval by the FCA. During that interim period, A keeps the status of a PRA approved person performing the director element of the PRA chief risk designated senior management function - 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 PRA chief risk designated senior management function and SUP 10C.9.8R says that, for as long as A is performing a PRA-designated senior management function, A does not perform the executive director function.</td>
</tr>
<tr>
<td></td>
<td>Form A should be used if there have been changes in A’s fitness (SUP 10C.10.9D(4))</td>
<td></td>
<td>The arrangements in SUP 10C.9.8R continue to apply, even</td>
</tr>
</tbody>
</table>

(9) A is appointed as the chief finance officer and an ex
## Example

<table>
<thead>
<tr>
<th>Example</th>
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<th>Whether PRA approval required</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>executive director at the same time. Later, A switches to being chief risk officer while remaining as an executive director.</td>
<td>No, neither on A’s first appointment nor when A comes back from sick leave.</td>
<td>Yes</td>
<td>though A switches between PRA-designated senior management functions after the PRA’s first approval.</td>
</tr>
<tr>
<td>(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.</td>
<td>No. A does not need approval to perform the chair of the nomination committee function.</td>
<td>Yes on first appointment.</td>
<td>Being chair of the governing body is a PRA-designated senior management function. Therefore, the answer for example (1) applies.</td>
</tr>
<tr>
<td>(11) A is appointed to be chair of the governing body and chair of the nomination committee at the same time.</td>
<td>No. A is not treated as performing the executive director function.</td>
<td>Yes</td>
<td>A’s functions as a director will be included in the PRA controlled function.</td>
</tr>
<tr>
<td>(12) ‘A’ is to be appointed to perform the Head of Overseas Branch PRA-designated senior management function (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.</td>
<td></td>
<td></td>
<td>Note 1: The relevant PRA rules can be found in the parts of the PRA Rulebook listed in SUP 10C.9.6G. Note 2: Where one of the examples in this table includes someone being chief risk or finance officer or chair of the governing body, the example assumes that the firm is of a type for which that function is a PRA-designated senior management function.</td>
</tr>
</tbody>
</table>
(1) The potential FCA governing functions should be recorded in A’s statement of responsibilities and in the firm’s management responsibilities map.

(2) A potential FCA governing function means a function that would have been an FCA governing function but which is not an FCA governing function because of SUP 10C.9.8R.

Further guidance on the arrangements between the FCA and PRA about approvals

The PRA cannot give its approval for the performance of a PRA-designated senior management function without the consent of the FCA. The firm does not need to apply to the FCA for that consent.

Under section 59B of the Act (Role of FCA in relation to PRA decisions), the FCA may arrange with the PRA that, in agreed cases, the PRA may give approval without obtaining the consent of the FCA. No such arrangements are currently in force.
10C.10 Application for approval and withdrawing an application for approval

Purpose

10C.10.1 This section explains how a firm should apply for approval for a person to perform an FCA-designated senior management function.

10C.10.2 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 firm, this includes an applicant for Part 4A permission and other persons seeking to carry on regulated activities as an SMCR firm.

10C.10.2A ■ SUP 10C.10.2R applies to every direction in ■ SUP 10C.10 to ■ SUP 10C.15.

When to apply for approval

10C.10.3 (1) Section 59 of the Act (Approval for particular arrangements) says that a firm must take reasonable care to ensure that no one performs an FCA controlled function (including an FCA-designated senior management function) unless that person is acting in accordance with an approval given by the FCA.

(2) That means that where a candidate will be performing one or more FCA-designated senior management functions, a firm must take reasonable care to ensure that the candidate does not perform these functions unless they have prior approval from the FCA.

Failure to apply for approval

10C.10.4 (1) If a person performs an FCA controlled function (including an FCA-designated senior management 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:

(a) a person (‘P’) has at any time performed an FCA controlled function without approval; and

(b) 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.

(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?

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.

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.

### Outsourcing arrangements

<table>
<thead>
<tr>
<th>Outsourcing arrangements</th>
<th>Explanation</th>
<th>Submitting form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm A to firm B</td>
<td>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.</td>
<td>Firm B submits FCA-approved persons forms on behalf of firm A.</td>
</tr>
</tbody>
</table>
# Outsourcing arrangements

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</tr>
</thead>
<tbody>
<tr>
<td>Outsourcing by A to B (both being a member of the same United Kingdom group and each having its registered office in the United Kingdom)</td>
<td>See SUP 10C.3.9G</td>
<td>Either A or B may submit FCA-approved persons forms on behalf of firms in the group (see SUP 15.7.8G).</td>
</tr>
<tr>
<td>(i) A to B, where B: (a) is not an authorised person; and (b) is not part of the same group as A; or (ii) A to B, where A is a branch of an overseas firm in the United Kingdom, and B is an overseas undertaking of the same group; or (iii) A to B, where A is a UK authorised subsidiary of an overseas firm and B is an overseas undertaking of the same group.</td>
<td>Responsibility for (as opposed to the performance of) any activity outsourced to B will remain with A. See SYSC 8.</td>
<td>A ensures that an individual approved by the FCA or the PRA to perform a designated senior management function has responsibility for the outsourced arrangement and A submits a form in relation to that individual.</td>
</tr>
</tbody>
</table>

## How to apply for approval

### 10C.10.8

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

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.10B 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 D (1) A firm must use Form E (SUP 10C Annex 7D) where an approved person:

(a) is both 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) 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 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]
   (iii) section 64C of the Act (Requirement for relevant authorised persons to notify regulator of disciplinary action); or
(c) 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.14R (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.

10C.10.9A G

1. The MiFID authorisation and management body change notification ITS requires that MiFID investment firms (except credit institutions) submit the Annex III information on the ESMA template available at [https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.doc](https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.doc) (‘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 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 MiFID authorisation and management body change notification ITS; and
(2) that change also requires the firm to apply for approval for that member or person to perform an FCA-designated senior management function;

the firm must submit to the FCA 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 candidate.

10C.10.9C MiFID investment firms (except credit institutions) who submit:

(1) Form A or Form E; and

(2) the MiFID Article 4 SMR Information Form;

about a candidate can complete the Annex III template outlined in SUP 10C.10.9AG by cross-referencing 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.

10C.10.10 SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications should be submitted.

Statements of responsibilities

10C.10.11 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 should be accompanied by a statement of responsibilities about the candidate.

10C.10.12 SUP 10C.11 (Statements of responsibilities) contains more material about statements of responsibilities, including (in particular) about a statement of responsibilities submitted under an application under SUP 10C.10.

Other material to be included in an application

10C.10.13 A firm to which SYSC 25.9 (Handover procedures and material) applies should include in an application a reasonable summary of:

(1) any handover certificate; and

(2) any other handover material;

referred to in SYSC 25.9 that relates to the responsibilities that the candidate is to perform.

10C.10.13A A firm to which SYSC 25.2 (Management responsibilities maps: Main rules) applies must include in an application 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 the latest version of the firm’s management responsibilities map.
Vetting of candidates by the firm

10C.10.14 G

Under section 60A of the Act, before a firm makes an application for approval, it should be satisfied that the candidate is a fit and proper person to perform the function to which the application relates. In deciding that question, the firm should have particular regard to whether the candidate, or any person who may perform a function on the candidate's behalf:

1. has obtained a qualification;
2. has undergone, or is undergoing, training;
3. possesses a level of competence; or
4. has the personal characteristics;

required by FCA rules in relation to persons performing functions of the kind to which the application relates.

10C.10.15 G

For guidance on criteria that a firm should use for assessing whether an FCA candidate is fit and proper (including the FCA rules referred to in SUP 10C.10.14G), see FIT.

Criminal records checks and verifying fitness and properness

10C.10.16 R

1. This rule applies to 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.

2. A firm must (as part of its assessment of whether a candidate is a fit and proper person to perform an FCA-designated senior management function and to verify the information contained in the application to carry out the FCA-designated senior management function) obtain the fullest information that it is lawfully able to obtain about the candidate under Part V of the Police Act 1997 (Certificates of Criminal Records, &c) and related subordinated legislation of the UK or any part of the UK before making the application.

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).
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).

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.

If the candidate is employed by a contractor, the firm may ask the contractor to obtain the certificate.

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.

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.

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.

Please see SYSC 22 (Regulatory references) about the requirement for a firm to ask for references from previous employers.

(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).

The Act sets out the time that the FCA has to consider an application and come to a decision.
10C.10.25 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 In any other case, it is the period of three months from the time it receives a properly completed application.

10C.10.27 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 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 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 (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.
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.

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.

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.

Whenever it grants an application, the FCA will confirm this in writing to all interested parties.

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.

A firm notifying the FCA of its withdrawal of an application for approval must use Form B (SUP 10C Annex 4R).

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.

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 (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 (1) This section is about the FCA’s requirements for statements of responsibilities.

(2) However, 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 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 (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.
Revised statements of responsibilities: Introduction

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

(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 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) 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 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 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.

(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 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).

10C.11.8 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.

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.

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.
(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

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.

(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

(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) 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 firm 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

The table in SUP 10C.11.19G gives examples of how the requirements in this section for submitting *statements of responsibilities* (combined with the corresponding PRA requirements) work in different cases.

<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
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<tbody>
<tr>
<td>(1) A firm applies for approval for A to perform the executive director function and the money laundering reporting function.</td>
<td>There should be a single <em>statement of responsibilities</em> document that covers the two functions. The combined document should be included with the application for approval.</td>
</tr>
<tr>
<td>(2) Firm X applies for approval for A to perform the executive director function. Firm Y applies for approval for A to perform the money laundering reporting function. Both firms are SMCR firms.</td>
<td>There should be separate <em>statements of responsibilities</em> for each firm. This is the case even if Firm X and Firm Y are in the same group.</td>
</tr>
<tr>
<td>(3) A firm applies for approval for A to perform an FCA-designated senior management function and a PRA-designated senior management function. The arrangements in SUP 10C.9 for FCA functions to be absorbed into PRA ones do not apply and so there are separate applications to the FCA and PRA.</td>
<td>The <em>single statement of responsibilities</em> document should cover both functions.</td>
</tr>
<tr>
<td>(4) A has approval to perform the executive director function. Later, A is to be appointed to perform the money laundering reporting function for the same firm. This will also result in substantial changes to A’s duties as an executive director.</td>
<td>The firm should not use Form J to notify the changes to A’s duties as an executive director. The firm should submit a revised <em>single statement of responsibilities</em> document along with the application to perform the money laundering reporting function. The <em>single statement of responsibilities</em> document should cover both functions. The part relating to A’s duties as an executive director should be updated.</td>
</tr>
</tbody>
</table>
| (5) A has approval to perform the executive director function. Later, A is to be appointed to perform the PRA’s chief risk officer designated senior management function for the same firm. This will also result in substantial changes to A’s duties as an executive director. | The firm should not use Form J to notify the changes to A’s duties as an executive director. The firm should submit a revised *single statement of responsibilities* document along with the application to perform the PRA function. The firm should not submit the revised *single statement of responsibilities* document separately to the
### Example Comments

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<tr>
<td>(6) A has approval to perform the money laundering reporting function. The approval to perform the money laundering reporting function is subject to a condition. The firm is applying to vary that condition. FCA. Instead, it should include it as part of the application to the PRA. The single statement of responsibilities document should cover both the FCA and the PRA functions. The part relating to A’s duties as an executive director should be updated. The firm should include a revised statement of responsibilities with the application. The firm should not use Form J. It should submit a revised statement of responsibilities along with the application to vary the approval. The firm should not use Form J to notify the changes to A’s duties as an executive director. The firm should submit a revised single statement of responsibilities document along with the application to vary the approval for the money laundering reporting function. The single statement of responsibilities document should be updated and should cover both functions. The firm should not use Form J to notify the changes to A’s duties as an executive director. The firm should submit a revised single statement of responsibilities document along with the application to vary the PRA function. The firm should not submit the revised document separately to the FCA. Instead it should include it as part of the application to the PRA. The single statement of responsibilities document should cover both the FCA and the PRA functions and should be updated. The answer to example (5) applies. The application to the PRA to perform the PRA function should be accompanied by a single document that:</td>
<td></td>
</tr>
<tr>
<td>(7) A has approval to perform the executive director function and the money laundering reporting function for the same firm. The approval to perform the money laundering reporting function is subject to a condition. The firm 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.</td>
<td></td>
</tr>
<tr>
<td>(8) A has approval to perform the executive director function and the PRA’s chief risk officer designated senior management function for the same firm. The arrangements in SUP 10C.9 for FCA functions to be absorbed into PRA ones do not apply and so there are separate FCA and PRA approvals. The approval to perform the PRA’s chief risk officer designated senior management function is subject to a condition. The firm 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.</td>
<td></td>
</tr>
<tr>
<td>(9) A has approval to perform the executive director function and the money laundering reporting function for the same firm. Sometime later, A is to give up the money laundering reporting function and take up the PRA’s chief risk</td>
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</table>

(1) contains the statement of responsibilities for the new function;
### Example Comments

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<th>Example</th>
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<tr>
<td>officer designated senior management function. This will involve major changes to A's role as executive director.</td>
</tr>
<tr>
<td>(10) A firm has approval for A to perform the executive director function and the money laundering reporting function. A then ceases to perform the money laundering reporting function but continues to perform the executive director function.</td>
</tr>
<tr>
<td>(11) A has approval to perform the executive director function and the PRA's chief risk officer designated senior management function for the same firm. Later, A gives up his role as chief risk officer.</td>
</tr>
<tr>
<td>(12) A has approval to perform the executive director function. Later, A is to be appointed to perform the money laundering reporting function for the same firm. The application is rejected.</td>
</tr>
<tr>
<td>(13) A has approval to perform the money laundering reporting function. Later, A is to be appointed as</td>
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</table>

(2) contains the revised statement of responsibilities for the executive director function; and
(3) reflects the fact that A is no longer performing the money laundering reporting function.

The firm must submit:
(a) Form C for the money laundering reporting function;
(b) Form J; and
(c) a single updated statement of responsibilities document that covers the executive director function and reflects the fact that A is no longer performing the money laundering reporting function.

The firm must submit:
(a) Form C for the PRA function;
(b) Form J; and
(c) a single updated statement of responsibilities document that covers the executive director function.

The firm should not submit the revised single statement of responsibilities document separately to the FCA. Instead, it should include it as part of the notification to the PRA.

The single statement of responsibilities document submitted as part of the application will no longer be correct as it reflects the proposed new approval.

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 firm will not need to amend the document as the changes will automatically fall away.

In any other case (for instance if the application is approved conditionally), it is likely that the firm will need to update it using Form J.

In any case, the FCA may contact the firm to agree a revised single statement of responsibilities document.

The answer for example (4) applies.

The single statement of responsibilities document should be updated to
Example

| an executive director for the same firm. |
| cover the changes to A's duties in the money laundering reporting function. However, there have been some insignificant changes to A's role in the money laundering reporting function since the firm submitted the most recent single statement of responsibilities document. The changes are not connected to A's appointment as executive director. |

(14) A has approval to perform the executive director function. Later, A's business unit grows in size and so the firm needs to apply for A to be approved to perform the PRA's Head of Key Business Area designated senior management function. However, A's responsibilities do not change.

(15) Firm X has a branch in the United Kingdom. Firm Y is a UK authorised subsidiary of firm X.

Firm X is an overseas SMCR firm that is not an EEA SMCR firm and firm Y is a UK SMCR firm.

Both firms apply for approval for the same individual (P) to perform the executive director function.

Note: The single statement of responsibilities document means the single document described in SUP 10C.11.13D.

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 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 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.
A statement of responsibilities should be:

1. practical and useable by the FCA;
2. without unnecessary detail; and
3. succinct and clear.

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.

For instance, these include:

1. the responsibilities that go with the FCA required functions; and
2. the FCA-prescribed senior management responsibilities and PRA-prescribed senior management responsibilities.

The allocation of responsibilities under a statement of responsibilities should not reduce or alter the scope of any applicable prescribed requirements.

If:

1. the responsibilities that the SMF manager carries out as described in the statement of responsibilities go beyond the prescribed requirements; or
2. the firm includes additional information about any prescribed requirements;

the additional responsibilities or additional information should not:

1. reduce or alter the scope of the prescribed requirements; or
2. dilute or undermine the prescribed requirements.

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.

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.

Paragraphs (1) and (2) apply to a firm to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies.

A statement of responsibilities of an SMF manager should include details about any:

1. FCA-prescribed senior management responsibilities and PRA-prescribed senior management responsibilities allocated to the SMF manager;
(b) 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 2.6 (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

(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

(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

(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

(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

(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 (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) 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 (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) specified controlled functions for SMCR firms that are not designated senior management functions. See SUP 10C.1.7R to SUP 10C.1.8G (Appointed representatives) for more about this.

(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 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.
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.

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.

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

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.

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.

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.

Generally, the FCA would not impose a time limitation of this type for longer than 12 to 18 months.
10C.12.11 The FCA would consider using this power for a person who is in the running for the long-term appointment.

10C.12.12 (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 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 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 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 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 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 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 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 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 (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 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 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 (1) When the FCA is imposing a competence-related condition where there is a shortfall, approval will only be granted on the condition
that the candidate is required to undertake training or receive mentoring to eliminate the shortfall.

(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.

10C.12.25 G

(1) An example of where a qualified approval based on competence may be used is for a candidate with proven management skills who is new to the role or the industry and requires some new technical knowledge for the new role.

(2) For instance, a candidate 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.

(3) A competence condition would require the candidate to undertake training in the area of shortfall after appointment.

10C.12.26 G

(1) A competency-related approval is likely to be linked with a time-limited approval.

(2) Under an approval of this kind, the candidate will be required to undertake the necessary training or other remedial measures.

(3) The time for which the approval will last would be set to give the firm and the candidate a reasonable time to complete the measures.

(4) At the end of the period, the firm would need to apply to the FCA to appoint the candidate on a permanent basis.

10C.12.27 G

The FCA would only be likely to consider a qualified approval based on competence if it was sure that the candidate could achieve the required level of competence within a specified period, which is unlikely to be more than 12 to 18 months.

10C.12.28 G

(1) The FCA may give a conditional approval instead of rejection in cases where the condition does not relate to the candidate’s abilities.

(2) For example, the FCA may consider that the candidate is suitable only if the candidate refrains from, or ceases undertaking, certain actions and makes the approval conditional on that basis.

(3) The FCA may require the candidate to go beyond the regulatory requirements in a given area.

10C.12.29 G

(1) An example of ■ SUP 10C.12.28G is where a firm wishes to appoint someone as an executive director who has a number of non-executive directorships.

(2) The FCA 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 firm.
(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 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 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 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 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 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 (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.
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.

The policy on the length of time-limited approvals in SUP 10C.12.8G does not apply to time limitations of this type.

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.

Another example of a limited-role approval is where:

(1) 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

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).
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.

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.

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

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.

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** 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** 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 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 (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 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 (1) There are requirements about whether the "firm" applying for a change described in SUP 10C.13.3G 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 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 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 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 (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 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 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 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 The FCA may refuse an application if it appears to the FCA that it is desirable to do so to advance one or more of its operational objectives.
Before making a decision to grant the application or give a warning notice, the FCA may ask the firm for more information. 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.

Whenever it grants an application, the FCA will confirm this in writing to all interested parties.

If the FCA proposes to refuse an application, it must follow the procedures for issuing warning notices and decision notices to all interested parties. The requirements relating to warning and decision notices are in DEPP 2.

A firm notifying the FCA of its withdrawal of an application for variation of an approval must use Form B (SUP 10C Annex 4R).

Under section 61(5) of the Act (Determination of applications), as applied by section 63ZA(8) of the Act (Variation of senior manager’s approval at request of authorised person), the firm may withdraw an application only if it also has the consent of:

1. the approved person; and
2. the person by whom the approved person is employed if this is not the firm making the application.

Variation of a conditional approval at the request of the firm:

The FCA’s 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)).

An example of a situation in which the FCA 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).

If the firm later concludes that a different course would be better, the firm may apply for a variation of the condition.

Another example of a situation in which the FCA would consider varying a condition would be a condition relating to a remedial programme (see...
If the remedial programme is changed, it may be appropriate to change the condition.

(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.

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

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.

The FCA may vary an approval by:
- imposing a condition;
- varying a condition;
- removing a condition;
- limiting the period for which the approval is to have effect; or
- removing or varying a time limit on an approval.

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, 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.10.9C.
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 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) 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.14.6 [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 MiFID authorisation and management body change notification ITS on the ESMA template 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 (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 (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 A firm is responsible for notifying the FCA if any FCA-approved SMF manager has ceased to perform an FCA-designated senior management function under an arrangement entered into by its contractor.

10C.14.10 (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 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

(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

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

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 (10C Annex 6R), of that change within seven business days of the firm becoming aware of the matter.

10C.14.14

The duty to notify in 10C.14.13R does not apply to changes to an FCA-approved SMF manager’s private address.

Changes to arrangements

10C.14.15

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 (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.

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.

### Table: Explanation of the sections of the Act mentioned in SUP 10C.14.22R

<table>
<thead>
<tr>
<th>Section</th>
<th>Summary of relevant parts</th>
<th>Other Handbook material</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval)</td>
<td>At least once a year, each firm must, in relation to every SMF manager for whom an approval has been given on the application of that firm: (a) consider whether there are any grounds on which the FCA could withdraw the approval; and (b) if the firm is of the opinion that there are such grounds, notify the FCA of those grounds.</td>
<td></td>
<td>FIT sets out guidance on the factors a firm should take into account when assessing the fitness and propriety of an approved person.</td>
</tr>
<tr>
<td>Section 64C of the Act (Requirement for authorised persons to notify regulator of disciplinary action)</td>
<td>If: (a) a firm takes disciplinary action in relation to an SMF manager; and (b) the reason, or one of the reasons, for taking that action is a reason specified in SUP 15.11.6R;</td>
<td>SUP 15.11 (Notification of CO-CON breaches and disciplinary action)</td>
<td>An example of when a notification should be made using Form C rather than Form D is when a firm is required to notify the FCA under section 64C of the Act that it has dismissed an SMF manager.</td>
</tr>
</tbody>
</table>
**Section 10C.14 : Changes to an FCA-approved person’s details**

### 10C.14.25

(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

(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

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

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

The PRA’s rules determine how a notification under § SUP 10C.14.28R is to be made.

10C.14.30

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 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 The main forms and other documents used in this chapter are listed in SUP 10C.15.3G.

10C.15.3 Table: FCA approved persons forms and other documents

<table>
<thead>
<tr>
<th>Form or other document</th>
<th>Purpose</th>
<th>Handbook requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relevant Form A</td>
<td>Application to perform designated senior management functions</td>
<td>SUP 10C.10.8D</td>
</tr>
<tr>
<td>Form B</td>
<td>Notice to withdraw an application to perform controlled functions under the approved persons regime</td>
<td>SUP 10C.10.36R</td>
</tr>
<tr>
<td></td>
<td>Notice to withdraw an application to vary an approval under the senior managers regime</td>
<td>SUP 10C.13.15R</td>
</tr>
<tr>
<td>Form C</td>
<td>Notice of ceasing to perform controlled functions</td>
<td>SUP 10C.14.5R</td>
</tr>
</tbody>
</table>
### SUP 10C : FCA senior managers regime for approved persons in SMCR firms

#### Section 10C.15 : Forms and other documents and how to submit them to the FCA

<table>
<thead>
<tr>
<th>Form or other document</th>
<th>Purpose</th>
<th>Handbook requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form D</td>
<td>SUP 10C Annex 6R</td>
<td>Notification of changes in personal information or application details or functions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SUP 10C.14.13R</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SUP 10C.14.15R</td>
</tr>
<tr>
<td>Form E</td>
<td>SUP 10C Annex 7D</td>
<td>Internal transfer of an approved person</td>
</tr>
<tr>
<td>Form I</td>
<td>SUP 10C Annex 8D</td>
<td>Application to vary a conditional approval</td>
</tr>
<tr>
<td>Form J</td>
<td>SUP 10C Annex 9D</td>
<td>Notification of significant change to a statement of responsibilities</td>
</tr>
<tr>
<td>Relevant statement of responsibilities</td>
<td>SUP 10C Annex 10D</td>
<td>SUP 10C.11</td>
</tr>
<tr>
<td>MiFID Article 4 SMR Information Form</td>
<td>SUP 10C Annex 11D</td>
<td>SUP 10C.10.9BD</td>
</tr>
<tr>
<td>Annex III template</td>
<td></td>
<td>As required by the MiFID authorisation and management body change notification ITS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SUP 10C.10.9AG and SUP 10C.14.6AG</td>
</tr>
</tbody>
</table>

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 Firm Contact Centre.

10C.15.6 G  
To contact the FCA’s Customer Contact Centre for approved persons enquiries:

1. telephone: 0300 500 0597;
2. email: firm.queries@fca.org.uk; or
3. [deleted]
4. write to:
How to make applications and give notifications

10C.15.7 D

(1) A firm other than a credit union must submit a document in column 1 of the table in § SUP 10C.15.10, in accordance with the corresponding requirement in column two of that table.

(2) A credit union must submit a document in column 1 of the table in § SUP 10C.15.10, 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.15.10 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.15.10 that are submitted under a rule.

10C.15.9 G It is up to the credit union concerned to decide which of the methods of submission available to it under § SUP 10C.15.10 it is going to use.

10C.15.10 R Table: Method of submission

<table>
<thead>
<tr>
<th>Form or other document</th>
<th>Firms that are not credit unions</th>
<th>Credit unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relevant Form A</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form B</td>
<td>SUP 10C.15.14R</td>
<td>SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form C</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form D</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form E</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form I</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form J</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
</tbody>
</table>

Relevant statement of responsibilities

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 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 (1) SYSC 22 (Regulatory references) says that if a firm (A):

(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) This applies even if A is a firm to which SUP 10A (FCA Approved Persons) applies rather than this chapter.

10C.16.2 SYSC 22 also requires firms to get a reference before applying to have someone approved as an approved person.

10C.16.3 [deleted]

10C.16.4 [deleted]

The need for complete and accurate information

10C.16.5 (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.
Failing to disclose relevant information to the FCA may be a criminal offence under section 398 of the Act.
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, SYSC 1 Annex 1 (Detailed application of SYSC) cuts back the application of some of the 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
[This part has been left blank deliberately]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) a third-country SMCR banking firm.

Table: Controlled functions applying to banking firms

<table>
<thead>
<tr>
<th>Brief description of function</th>
<th>Function number</th>
<th>(3) UK firm</th>
<th>(4) EEA firm</th>
<th>(5) Third-country firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive director function</td>
<td>SMF 3</td>
<td>✔</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Chair of the nomination committee function</td>
<td>SMF 13</td>
<td>✔</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Partner function</td>
<td>SMF 27</td>
<td>✔</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>
### 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 within paragraph (c) of the Glossary definition of Solvency II firm (EEA branch);

(c) a Solvency II firm within paragraph (b) of the Glossary definition of Solvency II firm (third country branch);

(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

<table>
<thead>
<tr>
<th>(1) Brief description of function</th>
<th>(2) Function number</th>
<th>(3) Solvency II and large NDF</th>
<th>(4) EEA branches</th>
<th>(5) Third country branches</th>
<th>(6) Small NDF and other</th>
<th>(7) ISPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive director function</td>
<td>SMF 3</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
<tr>
<td>Chair of the nomination committee function</td>
<td>SMF 13</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
</tr>
</tbody>
</table>

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 (Third-country firm) refers to SUP 10C Annex 1 3.1R(2)(c).
### Brief description of function

<table>
<thead>
<tr>
<th>(1) Brief description of function</th>
<th>(2) Function number</th>
<th>(3) Solvency II and large NDF</th>
<th>(4) EEA branches</th>
<th>(5) Third country branches</th>
<th>(6) Small NDF and other</th>
<th>(7) ISPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair of the with-profits committee function</td>
<td>SMF 15</td>
<td>✔</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Partner function</td>
<td>SMF 27</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>SMF 16</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>SMF 17</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Other overall responsibility function</td>
<td>SMF 18</td>
<td>✔</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Other local responsibility function</td>
<td>SMF 22</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Conduct risk oversight (Lloyd’s) function</td>
<td>SMF 23b</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
</tbody>
</table>

See Note 2

### Other high-level management functions

| EEA branch senior manager function | SMF 21 | ✗ | ✗ | ✗ | ✗ | ✗ |

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 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 (Third country 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 conduct risk oversight (Lloyd’s) function only applies to the Society.
### Summary of forms and their use in the senior managers regime

<table>
<thead>
<tr>
<th>Function</th>
<th>Form</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Person about to perform an FCA-designated senior management function if they have never been approved by the FCA or PRA before.</td>
<td>A</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>(2) The candidate is to perform an FCA-designated senior management function and either:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) has current approval to perform an FCA controlled function that is a significant influence function, an FCA-designated senior management function, or a PRA controlled function; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) has had such an approval within the previous six months.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Candidate ceased to be an approved person more than six months ago.</td>
<td>A</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>(4) Either:</td>
<td>A</td>
<td>Submitted by the firm making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>(a) candidate is seeking to perform an FCA-designated senior management function for the first time and has never been approved to perform an FCA controlled function that is a significant influence function or a PRA controlled function before; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) candidate ceased to have approval from the FCA or PRA to perform an FCA controlled function that is a significant influence function, an FCA-designated senior management function or a PRA controlled function more than six months ago.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Firm withdrawing an outstanding application to perform an FCA-designated senior management function.</td>
<td>B</td>
<td>Submitted by the firm: signed by all interested parties.</td>
</tr>
<tr>
<td>(6) Person ceasing to perform an FCA-designated senior management function.</td>
<td>C (unless it should be notified under Form E)</td>
<td>Submitted by the firm within seven business days of approved person ceasing to perform controlled function(s).</td>
</tr>
<tr>
<td>(7) Either:</td>
<td>D</td>
<td>Submitted by firm within seven business days of the firm becoming aware of the matter.</td>
</tr>
<tr>
<td>(a) an FCA-approved SMF manager’s title, name or national insurance number changes; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Function</td>
<td>Form</td>
<td>Submission</td>
</tr>
<tr>
<td>----------</td>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td>(b) there is information which may be material to the continuing assessment of an FCA-approved SMF manager’s fitness and propriety.</td>
<td>son is ceasing to perform a controlled function.</td>
<td>Submitted by firm within seven business days of the firm becoming aware of the matter.</td>
</tr>
<tr>
<td>(8) Firm obliged to notify the FCA about an SMF manager under:</td>
<td>Form D. Form C to be used instead where the person is ceasing to perform a controlled function.</td>
<td></td>
</tr>
<tr>
<td>(a) section 63(2A) of the Act (Duty to notify regulator of grounds for withdrawal of approval); or</td>
<td></td>
<td>A firm should not use Form H as that form only applies to notifications relating to breaches by those who are not SMF managers.</td>
</tr>
<tr>
<td>(b) [deleted]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) section 64C of the Act (Requirement for relevant authorised persons to notify regulator of disciplinary action).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(9) Person remaining with the same firm but changing FCA-designated senior management functions.</td>
<td>E</td>
<td>Submitted by firm to the FCA before changes take place.</td>
</tr>
<tr>
<td>(10) Person remaining with the same firm but giving up a PRA controlled function and taking up an FCA-designated senior management function.</td>
<td>E</td>
<td>Submitted by firm to the FCA before changes take place.</td>
</tr>
<tr>
<td>(11) Person remaining with the same firm but giving up an FCA-designated senior management function and taking up a PRA-designated senior management function.</td>
<td>E</td>
<td>Submitted by firm to the PRA before changes take place (see the PRA’s requirements).</td>
</tr>
<tr>
<td>(12) Person remaining with the same firm in the circumstances described in example 9 in the table in SUP 10C.7.3G (ceasing to perform a PRA controlled function triggering need for FCA approval to perform the other overall responsibility function).</td>
<td>E</td>
<td>Submitted by firm to the FCA in advance of giving up the PRA controlled function.</td>
</tr>
<tr>
<td>(13) Person with approval to perform the other overall responsibility function remaining with the same firm but ceasing to require approval to perform that function because of being approved to perform another controlled function (see the table in SUP 10C.7.3G for examples).</td>
<td>E</td>
<td>Submitted by firm to:</td>
</tr>
<tr>
<td>(a) the PRA (if the new function is a PRA controlled function); or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) the FCA (if the new function is a FCA controlled function).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(14) Person remaining with the same firm in the circumstances described in example 8 in the table in SUP 10C.9.9G (giving up a PRA controlled function triggering need for FCA approval).</td>
<td>E</td>
<td>Submitted by firm to the FCA in advance of giving up the PRA controlled function.</td>
</tr>
<tr>
<td>(15) Firm applying for the variation of a conditional approval.</td>
<td>Form I</td>
<td></td>
</tr>
<tr>
<td>(16) Firm withdrawing an outstanding application to vary a conditional approval.</td>
<td>Form B</td>
<td></td>
</tr>
<tr>
<td>(17) Significant change to an approved person’s responsibilities.</td>
<td>Form J</td>
<td>The revised statement of responsibilities should be included. A statement of responsibilities must be submitted in the format prescribed by the FCA (SUP 10C Annex 10D).</td>
</tr>
<tr>
<td></td>
<td>Form J should not be used if the firm is also submitting a Form A, E or I</td>
<td></td>
</tr>
<tr>
<td>Function</td>
<td>Form</td>
<td>Submission</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>(18) Person (P) has approval to perform a governing function under SUP 10A for an appointed representative of an SMCR firm (F). P then takes up an FCA-designated senior management function position with F itself and gives up their role with the appointed representative.</td>
<td>E</td>
<td>Submitted by F to the FCA before changes take place.</td>
</tr>
</tbody>
</table>
Form A: Application to perform senior management functions

Long Form A

- Long Form A – Dual-regulated firms (including EEA and third country firms)
- Long Form A – UK and overseas firms (not incoming EEA) for MiFID authorisation applications

Short Form A

- Short Form A – Dual-regulated firms (including EEA and third country firms)
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 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 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
MiFID Article 4 SMR Information Form
Chapter 11

Controllers and close links
11.1 Application

Application to firms

This chapter applies to every firm except:

1. an ICVC;
2. an incoming EEA firm;
3. an incoming Treaty firm;
4. [deleted]
5. a sole trader;
6. a UCITS qualifier;
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.

Applicable sections (see SUP 11.1.1 R)

<table>
<thead>
<tr>
<th>Category of firm</th>
<th>Applicable sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A UK domestic firm other than a building society, a non-directive friendly society, a non-directive firm or (in the case of an FCA-authorised person) a firm with only a limited permission</td>
<td>All except SUP 11.3, SUP 11.4.2A R and SUP 11.4.4 R</td>
</tr>
</tbody>
</table>
| (1A) A building society | (a) In the case of an exempt change in control (see Note), SUP 11.1, SUP 11.2 and SUP 11.9  
(b) In any other case, all except SUP 11.3 and SUP 11.4.4 R |
| (2) A non-directive friendly society | SUP 11.1, SUP 11.2, and SUP 11.9 |
| (2A) A non-directive firm | all except SUP 11.3, SUP 11.4.2 R, and SUP 11.4.4 R |
| (2B) (In the case of an FCA-authorised person) a firm with only a limited permission | All except SUP 11.3, SUP 11.4.2 R, and SUP 11.4.4 R |
### Application to controllers

#### 11.1.4

- **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)**.

### Table: Category of firm and Applicable sections

<table>
<thead>
<tr>
<th>Category of firm</th>
<th>Applicable sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) An overseas firm</td>
<td>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</td>
</tr>
<tr>
<td></td>
<td>SUP 11.5.10 G, SUP 11.6.2 R, SUP 11.6.3 R, SUP 11.7</td>
</tr>
</tbody>
</table>

**Note**: In row (1A), a change in control is exempt if the controller or proposed controller is exempt from any obligation to notify the appropriate regulator 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).
11.2 Purpose

11.2.1 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 R (1) to SUP 11.1R(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 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 [deleted]

11.2.3 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 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 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 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 The requirements in SUP 11 implement certain provisions relating to changes in control and close links required under the Single Market Directives.

11.2.8 An event described in SUP 11.4.2R, SUP 11.4.2A R and SUP 11.4.4R is referred to in this chapter as a “change in control”.
11.3 Requirements on controllers or proposed controllers under the Act

11.3.1 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 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 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.

Requirement to notify a proposed change in control

11.3.2 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 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));
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:

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)).

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)).

Approval required before acquiring or increasing control

If a person decides to acquire control or increase control over a UK domestic firm in a way described in SUP 11.4.2 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 appropriate regulator has approved of it is an offence under section 191F of the Act (Offences under this Part).

11.3.5  **G**  The appropriate regulator’s approval is not required before a controller reduces control or ceases to have control over a UK domestic firm.

**Pre-notification and approval for fund managers**

11.3.5A  **G**  The appropriate regulator recognises that firms acting as investment managers may have difficulties in complying with the prior notification requirements in sections 178 and 191D of the Act as a result of acquiring or disposing of listed shares in the course of that fund management activity. To ameliorate these difficulties, the appropriate regulator may accept pre-notification of proposed changes in control, 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**  The appropriate regulator may treat as notice given in accordance with sections 178 and 191D of the Act a written notification from a firm which contains the following statements:

1. that the firm proposes to acquire and/or dispose of control, on one or more occasions, of any UK domestic firm whose shares or those of its ultimate parent undertaking are, at the time of the acquisition or disposal of control, listed, or which are traded or admitted to trading on a MTF or a market operated by a ROIE;

2. that any such acquisitions and/or disposals of control will occur only in the course of the firm’s business as an investment manager;

3. that the level of control the firm so acquires in the pre-approval period will at all times remain less than 20%; and

4. that the firm will not exercise any influence over the UK domestic firm 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.

11.3.5C  **G**  Where the appropriate regulator approves changes in control proposed in a notice given under ▲SUP 11.3.5B D:

1. the controller remains subject to the requirement to notify the appropriate regulator when a change in control actually occurs; and

2. the notification of change in control should be made no later than five business days after the end of each month and set out all changes in the controller’s control position for each UK domestic firm for the month in question.

At that stage, the appropriate regulator may seek from the controller further information.
Supplementary Material 11: Controllers and close links

Section 11.3: Requirements on controllers or proposed controllers under the Act

11.3.6  

[deleted]

11.3.6A  

[deleted]

11.3.6B  

[deleted]

11.3.6C  

[deleted]

Forms of notifications when acquiring or increasing control

11.3.7  

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 11.4.2 R (1) to (4), or acquiring control in a way described in 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  

The controllers forms approved by the appropriate regulator may be found at the appropriate regulator’s website [www.fca.org.uk/firms/change-control].

11.3.8  

[deleted]

11.3.9  

[deleted]

11.3.10  

(1) A person who has submitted a section 178 notice under 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  

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 The appropriate regulator has power, under section 179(3) of the Act (Requirements for section 178 notices), to vary or waive these requirements in relation to a section 178 notice in particular cases if it considers it appropriate to do so.

11.3.13 Where a controller or proposed controller which is an authorised person is required to submit less information under SUP 11.3.7 D than other persons, the appropriate regulator may ask for confirmation of details already held by it or any additional information required under SUP 11.5.1R.

11.3.14 Pursuant to section 188 of the Act (Assessment: consultation with EC competent authorities), the appropriate regulator is obliged to consult any appropriate Home State regulator before making a determination under section 185 of the Act (Assessment: general).

Notification when reducing control

11.3.15 [deleted]

11.3.15A A notice given to the appropriate regulator by a person who is reducing or ceasing to have control over a UK domestic firm, as set out in SUP 11.4.2R or SUP 11.4.2AR must:

(1) be in writing; and

(2) provide details of the extent of control (if any) which the controller will have following the change in control.

11.3.16 [deleted]

Joint notifications

11.3.17 Notifications to the appropriate regulator by proposed controllers and controllers 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.
11.4 Requirements on firms

11.4.1 A summary of the notification requirements in this section is given in SUP 11 Annex 1.

Requirement to notify a change in control

11.4.2 A UK domestic firm, other than a non-directive firm, must notify the appropriate regulator of any of the following events concerning the firm:

(1) a person acquiring control;
(2) an existing controller increasing control;
(3) an existing controller reducing control;
(4) an existing controller ceasing to have control.

11.4.2A A non-directive firm (including, in the case of an FCA-authorised person, a firm with only a limited permission) must notify the appropriate regulator of any of the following events concerning the firm:

(1) a person becoming controller of the firm; or
(2) an existing controller ceasing to be controller of the firm.

11.4.3 [deleted]

11.4.4 An overseas firm must notify the appropriate regulator if a person becomes a controller of the firm, increases or reduces control over the firm or ceases to have control over the firm

11.4.5 [deleted]

Content and timing of the notification

11.4.7 The notification by a firm under SUP 11.4.2 R, SUP 11.4.2A R or SUP 11.4.4 R 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.

**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.

**Identity of controllers**

A firm must take reasonable steps to keep itself informed about the identity of its controllers.

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 Information to be submitted by the firm (see SUP 11.4.7 R (2)(a))

(1) The name of the firm;

(2) the name of the controller or proposed controller and, if it is a body corporate and is not an authorised person, the names of its directors and its controllers;

(3) a description of the proposed event including the shareholding and voting power of the person concerned, both before and after the change in control; and

(4) any other information of which the appropriate regulator would reasonably expect notice.

11.5.2 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 [deleted]

11.5.4 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 (or equivalent requirements imposed by another EEA State). 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 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 [deleted]

11.5.6 [deleted]
Form of notification when a person reduces control

11.5.7 **R**
A notification of a proposed reduction in control must:

1. give the name of the controller; and
2. provide details of the extent of control (if any) which the controller will have following the change in control.

Joint notifications

11.5.8 **G**
A firm and its controller or proposed controller may discharge an obligation to notify the appropriate regulator by submitting a single joint section 178 notice containing the information required from the firm and the controller or proposed controller. In this case, the section 178 notice may be used on behalf of both the firm and the controller or proposed controller.

11.5.9 **G**
If a person is proposing a change in control over more than one firm within a group, then the controller or proposed controller may submit a single section 178 notice to the PRA in respect of all those firms which are PRA-authorised persons and a single section 178 notice to the FCA in respect of all those firms which are not PRA-authorised persons. The section 178 notice 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.

11.5.10 **G**
When an event occurs (for example, a group restructuring or a merger) as a result of which:

1. more than one firm in a group would undergo a change in control; or
2. a single firm would experience more than one change in control;

then, to avoid duplication of documentation, all the firms and their controllers or proposed controllers may discharge their respective obligations to notify the appropriate regulator by submitting a single section 178 notice to the PRA containing one set of information in relation to all the firms which are PRA-authorised persons and a single section 178 notice to the FCA containing one set of information in relation to all the firms which are not PRA-authorised persons.
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]
11.7 Acquisition or increase of control: assessment process and criteria

11.7.1 The assessment process and the assessment criteria are set out in sections 185 to 191 of the Act.

11.7.2 Section 191A deals with the procedure the appropriate regulator must follow where the appropriate regulator reasonably believes that:

   (1) there has been a failure to give notice under section 178(1) of the Act in circumstances where notice was required;

   (2) there has been a breach of a condition imposed under section 187 of the Act; or

   (3) there are grounds for objecting to control on the basis of the matters in section 186 of the Act.

11.7.3 The appropriate regulator may serve restriction notices in certain circumstances in accordance with section 191B of the Act.

11.7.4 The appropriate regulator may apply to the court for an order for the sale of shares in accordance with section 191C of the Act.

11.7.5 [deleted]

11.7.6 [deleted]

11.7.7 [deleted]

11.7.8 [deleted]

11.7.9 [deleted]

11.7.10 [deleted]

11.7.11 [deleted]
Before making a determination under section 185 or giving a warning notice under section 191A, the appropriate regulator must comply with the requirements as to consultation with EC competent authorities set out in section 188 of the Act and with the other regulator set out in sections 187A, 187B and 191A of the Act, as applicable.
11.8 Changes in the circumstances of existing controllers

11.8.1 

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. if a controller, who is authorised in another EEA State as a MiFID investment firm, CRD credit institution or UCITS management company or under the Solvency II Directive or the IDD, ceases to be so authorised (registered in the case of an IDD insurance intermediary).

11.8.2 

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 

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 

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 

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 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 (1) [deleted]

(2) [deleted]

11.9.1A (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, the notification must be made in line with SUP 11.9.3BA; 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.

(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

11.9.2 Guidance on what constitutes a close link is provided in COND 2.3.

11.9.2A A firm may elect not to include the following close links in the notification submitted under SUP 11.9.1A, SUP 11.9.1B, SUP 11.9.5A, SUP 11.9.5B 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.
The FCA may ask the firm for additional information following a notification under [SUP 11.9.1A R] in order to satisfy itself that the firm continues to satisfy the threshold conditions (see [SUP 2: Information gathering by the FCA and PRA on their own initiative]).

Form of notification and method of submission

The Close Links Notification Form approved by the FCA for notifications under [SUP 11.9.1AR], [SUP 11.9.5AR] may be found at the FCA website.

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 FCA.

The Close Links Monthly Report must contain the information specified in [SUP 16 Annex 35AR].

(1) The notification in [SUP 11.9.1AR (1)(b)] and [SUP 11.9.1BR (1)(b)] should contain a list of all persons with whom the firm is aware that it has close links, at the time the notification is made, and, for each such person, state:

(a) its name;

(b) the nature of the close links;

(c) if the close links are with a body corporate, its country of incorporation, address and registered number; and

(d) if the close links are with an individual, their date and place of birth.

(2) The firm must also submit a group organisation chart.
### Timing of notification requirement

11.9.4 **R** [deleted]

11.9.4A **R** The firm must make a notification to the FCA under §SUP 11.9.1A R:

1. as soon as reasonably practicable and no later than one month after it becomes aware that it has become or ceased to be closely linked with any person; or
2. where a firm has elected to report on a monthly basis, within fifteen business days of the end of each month by completing the Close Links Monthly Report for that month and must submit the group organisation chart on a quarterly basis unless there have been no changes since the submission of the previous organisation chart to the FCA, in which case the group organisation chart is not required.

11.9.4B **R**

### Electing to notify changes in close links monthly

11.9.5 **R**

1. [deleted]
2. [deleted]

11.9.5A **R**

1. A firm elects to report changes in close links on a monthly basis by sending a written notice of election to the firm's usual supervisory contact at the FCA.

2. An election to report changes in close links on a monthly basis will stand until such time as the firm gives its usual supervisory contact at the FCA at least one month’s written notice of its intention to cease reporting changes in close links on a monthly basis.

11.9.5B **R**

11.9.6 **G** [deleted]

11.9.6A **G** The FCA considers that monthly reporting of changes in close links will ordinarily only be appropriate for firms forming part of large groups.
Summary of notification requirements
[deleted]
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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 last 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 This chapter applies to a firm which is considering appointing, has decided to appoint or has appointed an appointed representative.

12A This chapter applies to a UK MiFID investment firm which is considering appointing, has decided to appoint or has appointed an EEA 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 This chapter does not apply to a UCITS qualifier.

3 This chapter does not apply in relation to a tied agent acting on behalf of an EEA MiFID investment firm unless that tied agent is established in the UK.

Territorial application: compatibility with EU law

12.1.1A (1) The territorial scope of SUP 12 is modified to the extent necessary to be compatible with EU law (see SUP 12.1.1BG and 12.1.1CG for guidance on this).

(2) This rule overrides every other rule in this chapter.

12.1.1B For a UK MiFID investment firm, in our view, rules in this chapter that are within the scope of MiFID apply to its MiFID business carried on from an establishment in the United Kingdom or another EEA State.

[Note: articles 34(1) and 35(1) and (8) of MiFID]

12.1.1C For an EEA MiFID investment firm, in our view, rules in this chapter that are within the scope of MiFID apply only to its MiFID business to the extent they relate to the knowledge and competence of one or more of its UK tied agents. An EEA MiFID investment firm should complete the Appointed representative appointment form in SUP 12 Annex 3R when appointing a UK tied agent to carry on MiFID business on its behalf.

[Note: article 29(3) of MiFID]
Interaction of SUP 12 and other modules in relation to MiFID business

12.1.1D

In addition to those rules in SUP 12 relating to the MiFID business of appointed representatives and tied agents, there are other MiFID obligations in the Handbook relevant to the knowledge and competence of tied agents and related compliance obligations (see Section 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.

Purpose

12.1.2

This chapter gives guidance to a firm, which is considering appointing an appointed representative, on how the provisions of section 39 of the Act (Exemption of appointed representatives) work. For example, it gives guidance on the conditions that must be satisfied for a person to be appointed as an appointed representative. It also gives guidance to a firm on the implications, for the firm itself, of appointing an appointed representative.

12.1.3

The chapter also sets out the FCA’s rules, and guidance on these rules, that apply to a firm before it appoints, when it appoints and when it has appointed an appointed representative. The main purpose of these rules is to place responsibility on a firm for seeking to ensure that:

1. its appointed representatives are fit and proper to deal with clients in its name; and
2. clients dealing with its appointed representatives are afforded the same level of protection as if they had dealt with the firm itself.

12.1.4

The FCA’s website includes information about becoming and appointing an appointed representative. This information can be found at https://www.fca.org.uk/firms/appointed-representatives-principals

12.1.5

This chapter also sets out:

1. guidance about section 39A of the Act, which is relevant to a UK MiFID investment firm that is considering appointing an FCA registered tied agent; and
2. the FCA’s rules, and guidance on those rules, in relation to the appointment of:
   a) an EEA tied agent by a UK MiFID investment firm;
   b) a MiFID optional exemption appointed representative; and
   c) a structured deposit appointed representative.
12.2 Introduction

What is an appointed representative?

(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 12.4.13 G for guidance on that condition, SUP 12.2.16 G for more general guidance about tied agents, and SUP 12.2.17 G 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 12.4.12 G and SUP 12.4.13 G for guidance on that condition and SUP 12.2.18 G 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 12.4.10 C G for guidance on those conditions.

12.2.1

(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 12.2.28 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 G

(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?

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?

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.

What is a "network"?

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

(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 a pure protection contract (but only where the contract is not a long-term care insurance contract or general insurance 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 in (a) to (h) or (ja) or (jb); 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;

(b) providing advice to clients or potential clients in relation to the placing of financial instruments.

(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?

(1) An introducer appointed representative is an appointed representative appointed by a firm whose scope of appointment must, under SUP 12.5.7 R, be limited to:

(a) effecting introductions to the firm or other members of the firm’s group; and

(b) distributing non-real time financial promotions which relate to products or services available from or through the firm or other members of the firm’s group.
(2) The permitted scope of appointment of an *introducer appointed representative* does not include in particular:

(a) dealing in investments as agent; or

(b) arranging (bringing about) deals in investments or arranging (bringing about) regulated mortgage contracts; or

(c) assisting in the administration and performance of a contract of insurance; or

(d) advising on investments, giving basic advice on a stakeholder product advising on a home finance transaction, advising on regulated credit agreements for the acquisition of land, or other activity that might reasonably lead a customer to believe that he had received basic advice or advice on investments or on home finance transactions or that the introducer appointed representative is permitted to give basic advice or give personal recommendations on investments or on home finance transactions.

(3) An *introducer appointed representative* may have more than one principal, but will need a contract with each principal.

(4) The approved persons regime does not apply to an *introducer appointed representative* (see ▼ SUP 10A.1.15 R).

12.2.9 To become an *introducer appointed representative*, a person must meet the conditions in the Act to become an *appointed representative* (see ▼ SUP 12.2.2 G).

12.2.10 All rules in ▼ SUP 12 apply in relation to *introducer appointed representatives* except for:

1. ▼ SUP 12.4.2 R, ▼ SUP 12.4.5B R and ▼ SUP 12.4.5C, on the appointment of *appointed representatives*, which are replaced by ▼ SUP 12.4.6 R;

2. ▼ SUP 12.5.6A R on required contract terms, which is replaced by ▼ SUP 12.5.7 R; and

3. ▼ SUP 12.9.1 R (4) (Record keeping).

12.2.11 If an *introducer appointed representative* is an individual in business on his own, then he will also be an *introducer* (see ▼ SUP 12.2.13 G). This has certain implications in COBS.

**Introducers and representatives: what do these terms mean and what is the relationship with an appointed representative?**

12.2.12 A firm or its *appointed representative* may appoint or employ individuals to act as *introducers* or *representatives* in respect of *designated investment business*. 
(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.

(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.

What is a tied agent?

(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.

(3) This chapter sets out the provisions which apply to tied agents:
   (a) established in the UK; or
   (b) established in another EEA State and appointed by a UK MiFID investment firm.
(4) A tied agent appointed by a firm to carry on investment services and activities or ancillary services on its behalf may not provide cross border services or establish a branch in another EEA State in its own right. This is because tied agents do not have passporting rights. The tied agent of a MiFID investment firm may, however, provide cross border services or establish a branch in another EEA State by availing itself of the appointing firm's passport. MiFID investment firms may also appoint tied agents established in different EEA States.

(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. If such a tied agent is appointed by a UK MiFID investment firm it will be an EEA tied agent. EEA tied agents are either FCA registered tied agent or EEA registered tied agents.

(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) Under MiFID, a tied agent must be registered with the competent authority of the EEA State in which it is established. A UK MiFID investment firm 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 tied agent established in such an EEA State, the tied agent must be registered with the FCA. Such an EEA tied agent is referred to in the Handbook as a FCA registered tied agent.

(8) If a UK MiFID investment firm appoints a tied agent established in an EEA State other than the UK, the tied agent must be registered with the competent authority of the EEA State in which it is established. Such an EEA tied agent is referred to in the Handbook as an EEA registered tied agent.

What is a MiFID optional exemption appointed representative?

12.2.17

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 UK tied agents appointed by UK firms also apply to a firm that appoints a MiFID optional exemption appointed representative.

What is a structured deposit appointed representative?

12.2.18

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 article 4(1)(29) of MiFID), 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 UK tied agents appointed by UK 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 EEA tied agents?

Responsibility for appointed representatives

12.3.1 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 EU 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 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 as respects 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 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 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 EEA tied agents

12.3.5 A UK MiFID investment firm must not appoint an EEA registered tied agent 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 EEA registered tied agent.

[Note: paragraph 1 of article 29(2) of MiFID]

12.3.6 The effect of section 39A(6)(b) of the Act is to prohibit a UK MiFID investment firm from appointing an FCA registered tied agent unless it has accepted responsibility in writing for the agent's activities in acting as a tied agent.
12.4 What must a firm do when it appoints an appointed representative or an EEA tied agent?

The permission that the firm needs

12.4.1 [deleted]

12.4.1A 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 In relation to CBTL business only a CBTL firm which is a firm can appoint an appointed representative.

12.4.1C 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)).
**Appointment of an appointed representative (other than an introducer appointed representative)**

**12.4 R**

Before a firm appoints a person as an appointed representative (other than an introducer appointed representative) and on a continuing basis, it must establish on reasonable grounds 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 otherwise 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 or § SYSC 4.1); 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 (see § SUP 12.5.3 G (2)); and

4. the firm is ready and organised to comply with the other applicable requirements contained or referred to in this chapter.

**12.4.2A R**

1. A firm must ensure that:
   - (a) a tied agent that is an appointed representative;
   - (b) or 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]

**12.4.2B G**

1. A firm to which § SUP 12.4.2AR 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.
12.4.3 In assessing, under SUP 12.4.2 R (2)(a) and (b), whether an appointed representative or prospective appointed representative is solvent and otherwise suitable, a firm should determine, among other matters, whether the person is likely to be adversely influenced by its financial position in the conduct of the business for which the firm is responsible. This might arise, for example, if the person has cashflow problems and is not able to service its debts. Guidance for firms on assessing the financial position of an appointed representative or prospective appointed representative is given in SUP 12 Annex 1.

12.4.4 In assessing, under SUP 12.4.2 R (2)(b), whether an appointed representative or prospective 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; and

2. the fitness and propriety (including good character and competence) 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.

12.4.5 In determining, under SUP 12.4.2 R (2)(c), whether an appointed representative or prospective 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.

Appointment representative who may be appointed by other principals

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;
Section 12.4: What must a firm do when it appoints an appointed representative or an EEA tied agent?

(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.

### Multiple principal agreement

12.4.5C R

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<tr>
<th>Matter</th>
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<td>The scope of appointment given by each principal to the appointed representative.</td>
</tr>
<tr>
<td>2. Complaints handling</td>
<td>The identity of the principal which will be the point of contact for a complaint from a client (referred to as the &quot;lead-principal&quot; in SUP 12.4.5D G to SUP 12.4.5E G). An agreement that each principal will co-operate with each other principal in resolving a complaint from a client in relation to the appointed representative’s conduct. The arrangements for complaints handling, including arrangements for resolving disputes between the principals in relation to their liability to a client in respect of a complaint and arrangements for dealing with referrals to the Financial Ombudsman Service.</td>
</tr>
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<td>3. Financial promotions</td>
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SUP 12 : Appointed representatives

Section 12.4 : What must a firm do when it appoints an appointed representative or an EEA tied agent?

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<th>Matter</th>
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<tr>
<td>4. Control and monitoring</td>
<td>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)).</td>
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<td>7. Co-operation</td>
<td>The arrangements for co-operation over any other issues which may arise from the multiple appointments, including issues which may damage the interests of clients dealing with the appointed representative and administrative issues.</td>
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<td></td>
<td>An agreement by each principal to take reasonable steps to ensure that it does not cause the appointed representative or any of its other principals to be in breach of their obligations to each other or under the regulatory system.</td>
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<tr>
<td>8. Sharing information</td>
<td>The arrangements for sharing information on matters relevant to the matters covered under the multiple principal agreement and each principal’s obligations under SUP 12.6 (Continuing obligations of firms with appointed representatives).</td>
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<td></td>
<td>An agreement that each principal will notify each other principal of any information which is materially relevant to the multiple principal agreement.</td>
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12.4.5D

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

(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.
SUP 12 : Appointed representatives

Section 12.4 : What must a firm do when it appoints an appointed representative or an EEA tied agent?

(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 G 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 G 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); and

(2) the firm is ready and organised to comply with the other applicable requirements contained or referred to in this chapter.

12.4.7 G In assessing, under SUP 12.4.6 R(1), whether an introducer appointed representative or prospective introducer appointed representative is otherwise suitable to act for the firm in that capacity, the firm should determine whether the introducer appointed representative and those persons 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 firm should, as a minimum, verify the identity of a prospective introducer appointed representative and relevant persons but need not carry out the more extensive due diligence required for the appointment of an appointed representative under SUP 12.4.2 R.

12.4.8 G If a firm has doubts that a prospective introducer appointed representative or other person is of sufficiently good reputation and otherwise fit and proper, the FCA will expect it to resolve those doubts before appointing the prospective introducer appointed representative. For example, if a firm is aware that a person’s previous appointment as an introducer appointed representative or representative 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 person concerned.

**Good repute**

12.4.8A **R** Before a firm appoints a person as an appointed representative to carry on insurance distribution activity, it must in relation to insurance distribution activity ensure that the person will comply on appointment, and will continue to comply with, the provisions of MIPRU ■ SYSC 28.3 (Good repute) as if the appointed representative were a firm.

[Note: article 10(3) of the IDD]

12.4.8AA **R** A firm that has appointed an appointed representative to carry on insurance distribution activity must ensure that the appointed representative:

1. establishes, maintains and keeps appropriate records to demonstrate compliance with ■ SYSC 28.3 (Good repute); and

2. provides the name of the person responsible for the record-keeping requirement in (1) to the firm.

**Knowledge and ability requirements**

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 firm's relevant employees. This includes its appointed representatives and their employees.

[Note: articles 10(1), 10(2) and last paragraph of article 10(8) of the IDD]

12.4.8B **G** [deleted]

**Close links**

12.4.8C **R** 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** (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) If an appointed representative's scope of appointment is to include an insurance distribution activity, the principal must notify the FCA of the appointment before the appointed representative commences that activity (see SUP 12.7.1 R (1)).

(3) As an exception, pre-notification is not required if the appointed representative is already included on the Financial Services Register as carrying on insurance distribution activities in another capacity (for example, as the appointed representative of another principal).

(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.

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) the appointed representative has professional indemnity insurance which satisfies the rules in MIPRU 3.2 applicable to the activities of the appointed representative, as if the appointed representative were an MCD credit intermediary;

(2) professional indemnity insurance which would satisfy the requirements of SUP 12.4.10AR (1) is provided by the firm; 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]

(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); 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) possess the appropriate level of knowledge and competence under the rules in TC applicable to the activities of the appointed representative.

[Note: article 31(2) of the MCD]

12.4.10C G

(1) If an appointed representative's scope of appointment is to include MCD credit intermediation activity, the principal must notify the FCA of the appointment before the appointed representative commences that activity (see SUP 12.7.1 R (1)).

(2) An appointed representative must not commence an MCD credit intermediation activity until they are included on the Financial Services Register.

(3) If an appointed representative's scope of appointment is to include MCD credit intermediation activity, the Act provides that that appointed representative's principal may not be a tied MCD credit intermediary.

Appointment of an FCA registered tied agent

12.4.11 R

If a UK MiFID investment firm appoints an FCA registered tied agent, ■ SUP 12.4.2 R and ■ SUP 12.4.2A R apply to that firm as though the FCA registered tied agent were an appointed representative.
Section 12.4: What must a firm do when it appoints an appointed representative or an EEA tied agent?

[Note: paragraphs 2 and 3 of article 29(3) of MiFID]

**Tied agents**

12.4.12

1. A tied agent that is an appointed representative may not start to act as a tied agent until it is included on the applicable register (section 39(1A) of the Act). If the tied agent is established in the UK, the register maintained by the FCA is the applicable register for these purposes. If the tied agent is established in another EEA State, the applicable register is that maintained by the competent authority in the EEA State in which the tied agent is established.

2. A UK MiFID investment firm that appoints an FCA registered tied agent who is not registered with the FCA will, subject to certain conditions, be taken to have contravened a requirement imposed on it by or under the Act (see section 39A(6)(c) and (d) of the Act).

3. A UK MiFID investment firm that appoints an EEA registered tied agent will be required to register that agent with the competent authority of the EEA State in which it is established. This requirement will be imposed by the rules of that EEA State.

4. If the tied agent is not established in the UK and is appointed by an EEA MiFID investment firm, it cannot commence acting as a tied agent until it is included on the public register of tied agents in the EEA State in which it is established.

5. If an appointed representative's scope of appointment is to include acting as a tied agent, the principal must notify the FCA of the appointment before the appointed representative starts acting as such (see SUP 12.7.7 R (1A)).

6. A tied agent can only act as such for one MiFID investment firm or third country investment firm (see SUP 12.5.6A R (1A)).

**MiFID optional exemption appointed representatives and structured deposit appointed representatives**

12.4.13

1. A MiFID optional exemption appointed representative or a structured deposit appointed representative may not start to act as such until it is included on the Financial Services Register (sections 39(1A) and 39(1AA) of the Act).

2. A firm must notify the FCA of the appointment of a MiFID optional exemption appointed representative or a structured deposit appointed representative before such appointed representative starts acting in that capacity (SUP 12.7.1R).

**Reporting of information about Directory persons**

12.4.14

1. A 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  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  (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) The requirement described in paragraph (1) does not apply if the firm is an EEA MiFID investment firm.

(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:
(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
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(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 If:

1. A UK MiFID investment firm or a third country investment firm appoints an appointed representative that is a tied agent or a MiFID optional exemption appointed representative, regulation 3(6) of the Appointed Representatives Regulations requires the contract between the firm and the appointed representative to contain a provision that the representative is only permitted to provide the services and carry on the activities referred to in article 4(1)(29) of MiFID while entered on the Register.

2. A firm appoints an appointed representative that is a structured deposit appointed representative, regulation 3(6) of the Appointed Representatives Regulations requires the contract between the firm 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.

12.5.3 (Subject to ■ SUP 12.5.3AG) 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); and

3. Require the appointed representative to give the firm's auditors the same rights as are provided by section 341 of the Act.

12.5.4 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 2.3.4 G and ■ SUP 2.3.5 R(2), as applied by ■ SUP 2.1.2 AG.

12.5.5 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; and

(3) (unless the written contract prohibits appointments by other principals) requires the appointed representative to notify the firm:

(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.

12.5.6 \( \text{G} \)

(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 \( \text{COBS 6} \) or \( \text{COBS 6.1ZA} \) (Information about the firm, its services and remuneration).

(2) The contractual requirements in \( \text{SUP 12.5.5 R} \) 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 \( \text{R} \)

(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 representative in respect of MCD credit intermediation activity for any other firm.

As an exception to (1), if the firm is a long-term insurer or an operator of a UCITS scheme, it may permit an appointed representative to carry on designated investment business as the appointed representative of one or more other firms provided that:

(a) each of those other firms is a long-term insurer or an operator of a UCITS scheme;

(b) the first firm and each of those other firms is a member of the same group; "group" means for this purpose a group of bodies corporate all having the same holding company including the holding company; and

(c) the scope of each appointment does not overlap, as to both activities and investments.

[Note: articles 4(1)(29) and 29(1) of MiFID]

12.5.6B

(1) The effect of SUP 12.5.6A R (1)(a) is that, in relation to designated investment business with retail clients, appointed representatives are restricted to one principal.

(1A) The effect of SUP 12.5.6A R (1A) is that tied agents are restricted to one principal when acting as such. A tied agent who has a MiFID investment firm or a third country investment firm as a principal may have other principals who are not MiFID investment firms or third country investment firms.

(2) The effect of the rule prohibiting multiple principals for certain activities is that, in relation to home finance activities, appointed representatives are restricted to having four principals: one for regulated mortgage contracts other than lifetime mortgages, one for lifetime mortgages, one for home reversion plans and one for home purchase plans. However, if any of the business of the appointed representative involves MCD credit intermediation activity, the appointed representative is restricted to having one principal in relation to that business.

12.5.6C

As SUP 12.5.6A R does not apply to non-investment insurance contracts, there are no restrictions on the number of principals an appointed representative may have in relation to those contracts.
Required contract terms for an introducer appointed representative

12.5.7 A firm must ensure that its written contract with each of its introducer appointed representatives limits the scope of the appointment to:

1. effecting introductions to the firm or other members of the firm’s group; and
2. distributing non-real time financial promotions which relate to products or services available from or through the firm or other members of the firm’s group.

Required contract terms for EEA tied agents

12.5.8 If a UK MiFID investment firm appoints an EEA tied agent, SUP 12.5.6A R (1A) applies to that firm as though the EEA tied agent were an appointed representative.

[Note: articles 4(1)(29) and 29(1) of MiFID]

Required contract terms for FCA registered tied agents

12.5.9 Under section 39A(6)(a) of the Act a UK MiFID investment firm must ensure that the contract it uses to appoint an FCA registered tied agent complies with the requirements that would apply under the Appointed Representatives Regulations if it were appointing an appointed representative.

Required contract terms for appointed representatives of MCD credit intermediaries

12.5.10 A firm must ensure that, if appointing an appointed representative to carry on MCD credit intermediation activity, its written contract requires the appointed representative to provide such evidence to the FCA as to the knowledge and competence of the staff of the appointed representative, as the FCA may require from time to time.

[Note: article 9(4) of the MCD]

Required contract terms for appointed representatives carrying on insurance distribution activity

12.5.11 A firm must ensure that, if appointing an appointed representative to carry on insurance distribution activity, its written contract requires the appointed representative to inform the firm of any change to the information obtained by the firm from the appointed representative in accordance with SUP 12.4.8CR.

[Note: second paragraph of article 3(6) of the IDD]
12.6 Continuing obligations of firms with appointed representatives or EEA tied agents

Suitability etc. of appointed representatives

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.

12.6.1A R A firm that is a principal of a tied agent that is an appointed representative must monitor the activities of that tied agent so as to ensure the firm complies with obligations imposed under MiFID (or equivalent obligations relating to the equivalent business of a third country investment firm) when acting through that tied agent.

[Note: paragraph 3 of article 29(2) of MiFID]

12.6.1B R A firm that is a principal of an appointed representative that carries on MCD credit intermediation activity must monitor the activities of that appointed representative to ensure compliance with obligations imposed under the MCD (including those in MCOB and TC).

[Note: article 31(3) of the MCD]

12.6.1C G ■ SUP 12.6.18 R requires a firm to which that rule applies to monitor the knowledge and competence of the appointed representative that carries on MCD credit intermediation activity and its staff.

12.6.2 G The FCA would normally expect a firm to carry out a check on its appointed representative’s financial position every year (more often, if necessary) and to review critically the information obtained. An appropriately experienced person (for example, a financial accountant) should carry out these checks.

12.6.3 G Consideration should be given, among other things, to the impact on the appointed representative’s financial position of any debts owed to, or by, the appointed representative. Indicators that an appointed representative is experiencing financial problems may include failure to adhere to repayment
A firm should look into any concerns that may arise at any time about an appointed representative’s 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.

### Appointed representatives not to hold client money

1. A firm must not permit an appointed representative to hold client money unless the firm is an insurance intermediary acting in accordance with CASS 5.5.18 R to CASS 5.5.23 R (which include provision for periodic segregation and reconciliation).

2. The firm must take reasonable steps to ensure that if client money is received by the appointed representative, it is paid into a client bank account of the firm, or forwarded to the firm, in accordance with:
   - (a) CASS 4.3.15 R to CASS 4.3.17 R; or
   - (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
   - (c) the MiFID client money segregation requirements.

When complying with the MiFID client money segregation requirements, firms’ attention is drawn to CASS 7.13.34 R and CASS 7.13.35 G.

### Regulated activities and investment services outside the scope of appointment

A firm must take reasonable steps to ensure that each of its appointed representatives:

1. does not carry on regulated activities in breach of the general prohibition in section 19 of the Act or (if the appointed representative is a firm with a limited permission) in breach of section 20(1) or (1A) of the Act; and

2. carries on the regulated activities for which the firm has accepted responsibility in a way which is, and is held out as being, clearly distinct from any of the appointed representative’s other business:
   - (a) which is performed as an appointed representative of another firm or in accordance with a limited permission; or
   - (b) which:
     - (i) is, or is held out as being, primarily for the purposes of investment or obtaining credit, or obtaining insurance cover; and
     - (ii) is not a regulated activity.
Senior management responsibility for appointed representatives

The senior management of a firm should be aware that the activities of appointed representatives are an integral part of the business that they manage. The responsibility for the control and monitoring of the activities of appointed representatives rests with the senior management of the firm.

Obligations of firms under the approved persons and senior managers regime

(1) Some of the controlled functions, as set out in SUP 10A.4.1 R, apply to an appointed representative of a firm, other than an introducer appointed representative, just as they apply to a firm (see SUP 10A.1.15 R). These are the governing functions and the customer function. In the case of an appointed representative that also has a limited permission, an FCA required function may apply to it. As explained in SUP 10A.1.16 R and SUP 10A.3.2 G respectively:

(a) the effect of SUP 10A.1.15 R is that the directors (or their equivalent) and senior managers (or their equivalent) of an appointed representative, other than an introducer appointed representative, must also be approved under section 59 of the Act for the performance of certain controlled functions;

(b) although the customer function applies to an appointed representative, the descriptions of the functions themselves do not extend to home finance mediation activity, insurance distribution activity or credit-related regulated activity;

(ba) if an appointed representative also has a limited permission:

(i) the apportionment and oversight function applies to it in relation to the carrying on of the regulated activity for which it has limited permission, unless it is a not-for-profit debt advice body;

(ii) if it is a not-for-profit debt advice body and a CASS large debt management firm, the CASS operational oversight function applies in relation to the carrying on of debt management activity; and

(c) sections 59(1) and 59(2) of the Act (Approval for particular arrangements) provide that approval is necessary in respect of a controlled function which is performed under an arrangement entered into by a firm, or its contractors (typically an appointed representative), in relation to a regulated activity.

(2) The approved persons regime applies differently to an appointed representative whose scope of appointment includes insurance distribution activity in relation to non-investment insurance contracts or credit-related regulated activity but no other regulated activity and whose principal purpose is to carry on activities other than regulated activities. These appointed representatives need only one person performing one of the governing functions. This means that only one director (or equivalent) of these appointed representatives must be approved under section 59 of the Act for the performance of the director function, the chief executive function, the partner function or the director of unincorporated association function, whichever is the most appropriate (see SUP 10A.1.16 R).
(3) The approved persons regime does not apply in relation to CBTL business carried on by CBTL firms.

(4) The approved persons regime for SMCR firms is in [SUP 10C (FCA senior managers regime for approved persons in SMCR firms), rather than [SUP 10A. However, [SUP 10A still applies to approved persons of appointed representatives of SMCR firms (see [SUP 10A.1.16BR to [SUP 10A.1.16DG and [SUP 10C.1.8G for more about this).

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

(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.

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).

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
(2) its appointed representative has adequate arrangements in respect of training and competence, which meet the requirements in SYSC and TC.

12.6.11-A
A CBTL firm must take reasonable care to ensure that:

(1) individuals who are its appointed representatives; and

(2) individuals who are employed or appointed by appointed representatives (whether under a contract of service or for services);

who act in connection with the CBTL business of the appointed representative for which the CBTL firm has accepted responsibility satisfy the knowledge and competence requirements set out in paragraph 3 of Schedule 2 to the MCD Order.

Compliance by an appointed representative with the contract

A firm must take reasonable steps to establish and maintain effective systems and controls for ensuring that each of its appointed representatives complies with those terms of its contract which are imposed under the requirements contained or referred to in SUP 12.5 (Contracts: required times).

Continuing obligations of firms with tied agents

A firm must ensure that its tied agent discloses the capacity in which he is acting and the firm he is representing when contacting a client or potential client or before dealing with a client or potential client.

[Note: paragraph 1 of article 29(2) of MiFID]

A firm must take adequate measures in order to avoid any negative impact of the activities of its tied agent not covered by the scope of MiFID (or relating to the equivalent business of a third country investment firm) could have on the activities carried out by the tied agent on behalf of the firm.

[Note: paragraph 1 of article 29(4) of MiFID]

Continuing obligations of firms with EEA tied agents

If a UK MiFID investment firm appoints an EEA tied agent, SUP 12.6.1 R, SUP 12.6.1A R, SUP 12.6.5 R and SUP 12.6.11A R apply to that firm as though the EEA tied agent were an appointed representative.

Continuing obligations of firms with MiFID optional exemption appointed representatives or structured deposit appointed representatives

If a firm appoints a MiFID optional exemption appointed representative or a structured deposit appointed representative, that firm must:
SUP 12 : Appointed representatives

Section 12.6 : Continuing obligations of firms with appointed representatives or EEA tied agents

(1) monitor the activities of the appointed representative to ensure that the firm complies with those obligations which implement 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 In SUP 12.6.15AR(1), the obligations which implement 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 imposed pursuant to article 3(2) of MiFID; and

(2) in the case of a firm appointing a structured deposit appointed representative, those requirements which are imposed pursuant to article 1(4) of MiFID.

The certification regime

12.6.16 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.
12.7 Notification requirements

Notification of appointment of an appointed representative

12.7.1 (1) This rule applies to a firm which intends to appoint:
   (a) an appointed representative to carry on insurance distribution activities; or
   (b) a tied agent; or
   (c) an appointed representative to carry on MCD credit intermediation activity; or
   (d) a MiFID optional exemption appointed representative; or
   (e) a structured deposit appointed representative.

(2) This rule also applies to a firm which has appointed an appointed representative.

(3) A firm in (1) must complete and submit the form in SUP 12 Annex 3 before the appointment.

(4) A firm in (2) must complete and submit the form in SUP 12 Annex 3 within ten business days after the commencement of activities.

12.7.1A (1) A firm other than:
   (a) a credit union; or
   (b) a firm which intends to appoint, or has appointed, 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, or has appointed, 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).
### 12.7.2

A firm's notice under §SUP 12.7.1 R should give details of the appointed representative and the regulated activities which the firm is, or intends to, carry on through the 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;
3. a description of the regulated activities which the appointed representative is permitted or required to carry on and for which the firm has accepted responsibility;
4. any restrictions imposed on the regulated activities for which the firm has accepted responsibility; and
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.

### 12.7.3

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

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

1. [deleted]
2. [deleted]

### 12.7.5

To contact the FCA's Contact Centre with appointed representatives enquiries:

1. telephone 0300 500 0597; fax 020 7066 0017; or
2. write to: Customer Contact Centre, The Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN; or
3. email firm.queries@fca.org.uk.

### 12.7.6

[deleted]
### Notification of changes in information given to the FCA

#### 12.7.7

**R**

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<tr>
<td>(1)</td>
<td>If:</td>
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<td></td>
<td>(a) (i) the scope of appointment of an appointed representative is extended to cover insurance distribution activities for the first time; and</td>
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<td></td>
<td>(ii) the appointed representative is not included on the Financial Services Register as carrying on insurance distribution activities in another capacity; or</td>
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<td></td>
<td>(b) the scope of appointment of an appointed representative ceases to include insurance distribution activity;</td>
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<td></td>
<td>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.</td>
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#### 1A)

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<table>
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<tr>
<td>(1A)</td>
<td>If:</td>
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<tr>
<td></td>
<td>(a) (i) 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</td>
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<tr>
<td></td>
<td>(ii) the appointed representative is not included on the Financial Services Register; or</td>
</tr>
<tr>
<td></td>
<td>(b) the appointed representative ceases to act as a tied agent, MiFID optional exemption appointed representative or structured deposit appointed representative;</td>
</tr>
<tr>
<td></td>
<td>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.</td>
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#### 1B)

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<tr>
<td>(1B)</td>
<td>If:</td>
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<tr>
<td></td>
<td>(a) (i) the scope of appointment of an appointed representative is extended to cover MCD credit intermediation activity for the first time; and</td>
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<tr>
<td></td>
<td>(ii) the appointed representative is not included on the Financial Services Register; or</td>
</tr>
<tr>
<td></td>
<td>(b) the scope of appointment of an appointed representative ceases to include MCD credit intermediation activity;</td>
</tr>
<tr>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

[Note: article 31(4) of the MCD]
(2) Where there is a change in any of the information provided to the FCA under ■ SUP 12.7.1 R or ■ SUP 12.7.7 R (1A), a firm must complete and submit to the FCA the form in ■ SUP 12 Annex 4 R (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]

[Note: See ■ SUP 12.7.8A R regarding the method of submission for the form in ■ SUP 12 Annex 4 R.]

### 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](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 : Appointed representatives

Section 12.7 : Notification requirements

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 EEA tied agents

12.7.9 R If a UK MiFID investment firm appoints an EEA tied agent this section applies to that firm as though the EEA tied agent were an appointed representative.

Submission in the event of failure of FCA information technology systems

12.7.10 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 firms, other than credit unions, 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, addressing applications for the attention of the Approved Persons, Passporting and Mutuals Team.

12.7.11 G Where SUP 12.7.1AR (3) or SUP 12.7.8AR (3) apply to a firm, GEN 1.3.2 R (Emergency) does not apply.
12.8 Termination of a relationship with an appointed representative or EEA tied agent

Notification of termination or prohibited amendment of the contract

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

(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 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 15.7.9 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).
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.

Where SUP 12.8.1AR (3) applies to a firm, GEN 1.3.2 R (Emergency) does not apply.

In assessing whether to terminate a relationship with an appointed representative, a firm should 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

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 12.8.1 R, 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; and
4. all the other principals of the appointed representative of which the firm is aware are notified.

Notification of approved persons on termination

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

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).
If a UK MiFID investment firm has appointed an EEA tied agent this section applies to that firm as though the EEA tied agent were an appointed representative.
12.9 Record keeping

12.9.1 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 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.

12.9.3 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 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 EEA tied agents

If a UK MiFID investment firm appoints an EEA tied agent this section applies to that firm as though the EEA 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 guidance in this annex applies to a firm which intends to appoint, or has appointed, an appointed representative (other than an introducer appointed representative).

2. All of the items in this annex should be applied, as appropriate, to an individual who is in business on his own.

3. Partners in partnerships (other than limited partners in limited liability partnerships) have joint and several unlimited liability. It follows that any assessment of the financial position of an appointed representative which is a partnership should take into account the final position of the individual partners as well as the partnership itself.

### Accounts

1. Consider whether the type of accounts obtained is appropriate to the type of appointed representative (for example, companies 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).

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.

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.

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.

### Unusual items/ recoverability of debts/ goodwill

1. Investigate fully any unusual items - in particular any amounts outstanding with directors, partners, connected persons or associates and any guarantees.

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.

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.

### Financial stability/ cashflows

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.

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. Investments in (for example) unquoted companies or property may be difficult to realise if there were a sudden need for cash.

### Income/ finance

1. Assess the overall financial pressures on the appointed representative and connected persons. 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
2. If relevant, review the accounts of any associates 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.

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.

1. Undertake a credit reference check on the appointed representative itself (in the case of a company); on the partners (in the case of a partnership); or on the individual (in the case of a sole trader).

2. Ask the appointed representative whether it is up to date in its dealings with HM Revenue and Customs (etc).

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.

2. If the firm decides to appoint the appointed representative, the firm 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.
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.

<table>
<thead>
<tr>
<th>(1)</th>
<th>Information about the appointed representative</th>
<th>(a)</th>
<th>Name</th>
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<tbody>
<tr>
<td></td>
<td>The appointed representative's professional reputation</td>
<td>(b)</td>
<td>Address, and, where applicable and different, address of the registered office and the principal place of business</td>
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<td></td>
<td></td>
<td>(c)</td>
<td>full name of every director, senior manager and controller</td>
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<td></td>
<td></td>
<td>(d)</td>
<td>accounts (see SUP 12 Annex 1) for the last three complete financial years</td>
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<td></td>
<td></td>
<td>(a)</td>
<td>Disciplinary proceedings</td>
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<td></td>
<td></td>
<td>(i)</td>
<td>whether the appointed representative has ever been publicly censored, disciplined, suspended or expelled by the FCA, another regulator, a clearing house, an exchange, a professional body, or a government body or agency;</td>
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<td></td>
<td></td>
<td>(ii)</td>
<td>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;</td>
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<td>(iii)</td>
<td>whether the appointed representative has ever been the subject of a formal investigation under the powers in the Companies Acts 1985 to 2006; and</td>
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<td>(iv)</td>
<td>whether the appointed representative has had anything equivalent to (i) to (iii) above occur under relevant overseas provisions.</td>
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<tr>
<td>The appointed representative’s professional reputation - continued</td>
<td>(b) Criminal or civil proceedings</td>
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<tr>
<td>(c) Insolvency, bankruptcy and winding up</td>
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<tr>
<td>(b)</td>
<td>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 United Kingdom or overseas.</td>
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<tr>
<td>(c)</td>
<td>Whether the appointed representative has:</td>
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<tr>
<td>(i)</td>
<td>been wound up or had a petition presented, or had a meeting called to consider a resolution, for winding it up; or</td>
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<tr>
<td>(ii)</td>
<td>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</td>
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<td>(iii)</td>
<td>made, or proposed to make, a composition or voluntary arrangement with any one of more of its creditors; or</td>
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<tr>
<td>(iv)</td>
<td>had an administrator or trustee in bankruptcy appointed to it or had an application made for such an appointment; or</td>
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<tr>
<td>(v)</td>
<td>had a receiver appointed to it (whether an administrative receiver or a receiver appointed over particular property); or</td>
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<td></td>
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<tr>
<td>(vi)</td>
<td>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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii)</td>
<td>if it is a sole trader, been the subject of an application for a sequestration order or a petition for bankruptcy; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(viii)</td>
<td>ceased trading in circumstances in which any of its creditors did not receive full payment; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ix)</td>
<td>had anything equivalent to (i) to (viii) above occur under relevant overseas law.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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](http://www.fca.org.uk/firms/authorisation)
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

The form can also be found through the following address:

Appointed representative or tied agent – change details - SUP 12 Annex 4
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

The forms are also to be found through the following address:

*Appointed representative termination form* - SUP 12 Annex 5
SUP 12 : Appointed representatives

Annex 5
Chapter 13

Exercise of passport rights by UK firms
13.1 Application and purpose

Application

13.1.1 This chapter applies to a UK firm, that is, a person whose head office is in the United Kingdom and which is entitled to carry on an activity in another EEA State subject to the conditions of a Single Market Directive. Such an entitlement is referred to in the Act as an EEA right and its exercise is referred to in the Handbook as passporting.

13.1.2 This chapter also applies to a UK firm which wishes to establish a branch in, or provide cross border services into, Gibraltar. The Financial Services and Markets Act 2000 (Gibraltar) Order 2001 provides that a UK firm is to be treated as having an entitlement corresponding to its EEA right, to establish a branch in, or provide cross border services into, Gibraltar under any of the Single Market Directives. So, references in this chapter to an EEA State or an EEA right include references to Gibraltar and the entitlement under the Gibraltar Order respectively.

13.1.3 This chapter does not apply to:

(1) a firm established in an EEA State other than the United Kingdom; passporting by such a firm in or into the United Kingdom is a matter for its Home State regulator although guidance is given in SUP 13A (Qualifying for authorisation under the Act);

(2) other overseas firms (that is, overseas firms established outside the EEA); such firms are not entitled to passport into another EEA State and, where relevant, may need to obtain authorisation in each EEA State in which they carry on business;

(3) any insurance activity by way of provision of services which is provided by an EEA firm participating in a community co-insurance operation otherwise than as leading insurer; article 190(2) of the Solvency II Directive provides that only the leading insurer in such an operation is required to complete any passporting formalities (see also article 11 of the Regulated Activities Order); or

(4) the marketing of the units of a UCITS scheme by its management company in another EEA State under the UCITS Directive (see paragraph 20B of Part III of Schedule 3 to the Act and COLL 12.4 (UCITS product passport)).
13.1.3A Other than the notification requirements in SUP 13.5.1AA R and SUP 13.5.2-A R and the related guidance in SUP 13.5.1B, SUP 13.5.2A G and SUP 13.5.7 G, this chapter does not apply to a UK firm in relation to its exercise of an EEA right under the auction regulation to provide services or establish a branch in another EEA state. This is because a UK firm is not subject to the requirements in Schedule 3 to the Act in respect of its exercise of that EEA right.


Purpose

13.1.5 This chapter gives guidance on Schedule 3 to the Act for a UK firm which wishes to exercise its EEA right and establish a branch in, or provide cross border services into, another EEA State. That is, when a UK firm wishes to establish its first branch in, or provide cross border services for the first time into, a particular EEA State.

13.1.6 The chapter also explains how a UK firm which has already established a branch in, or is providing cross border services into, another EEA State, may change the details of its branch or of the cross border services it is providing: for example, where a UK firm wishes to establish additional branches in an EEA State in which it has already established a branch where this would result in a change to the details provided previously. Such changes are governed by the EEA Passport Rights Regulations and, where MiFID applies, MiFID RTS 3A and MiFID ITS 4A.
13.2 Introduction

13.2.1 This chapter gives guidance to UK firms. In most cases UK firms will be authorised persons under the Act. However, under the CRD, a subsidiary of a firm which is a credit institution meets the criteria set out in that Directive also has an EEA right. Such an unauthorised subsidiary is known as a financial institution. References in this chapter to a UK firm include a financial institution. The chapter does not provide guidance for Solvency II firms. Solvency II firms should consult the relevant parts of the PRA Rulebook and the PRA website at: [http://www.bankofengland.co.uk/pra/Pages/authorisations/passporting/notifying.aspx](http://www.bankofengland.co.uk/pra/Pages/authorisations/passporting/notifying.aspx) as the PRA is the appropriate UK regulator for Solvency II firms.

13.2.2 A UK firm should be aware that the guidance is the FCA's interpretation of the Single Market Directives, the Act and the legislation made under the Act. The guidance is not exhaustive and is not a substitute for firms consulting the legislation or taking their own legal advice in the United Kingdom and in the relevant EEA States.

13.2.3 In some circumstances, a UK firm that is carrying on business which is outside the scope of the Single Market Directives has a right under the Treaty to carry on that business.

13.2.4 In SUP 13 the "appropriate UK regulator" amounts to whichever of the FCA and the PRA is the competent authority for authorising the relevant UK firm.

13.2.5 A UK firm that is an AIFM will only be entitled to carry on an activity under AIFMD under a passport in another EEA State if it is a full-scope UK AIFM.

13.2.6 As set out in article 32(1) of the MCD, a UK firm will only be able to carry on MCD credit intermediation activity in relation to an MCD credit agreement offered by a non-credit institution in an EEA state if that EEA state permits non-credit institutions to offer MCD credit agreements.
13.3 Establishing a branch in another EEA State

What constitutes a branch

13.3.1 Guidance on what constitutes a branch is given in SUP App 3.

(2) (a) Where a UK MiFID investment firm is seeking to use a tied agent established in another EEA State in which a branch is already established, the tied agent will be assimilated into the branch.

(b) If a UK MiFID investment firm is seeking to use a tied agent established in another EEA State in which no branch is already established, the rules in SUP 13 will apply as if that firm were seeking to establish a branch in that EEA State (paragraph 20A of Schedule 3 to the Act).

(c) In any event, the appointment of a tied agent established in another EEA State leads to the application of conduct requirements to the tied agent’s business, as if it were a branch of a UK MiFID investment firm.

(d) See SUP 13.3.9G for details of the MiFID branch forms.

[Note: article 35(2) of MiFID]

The conditions for establishing a branch

13.3.2 A UK firm cannot establish a branch in another EEA State for the first time under an EEA right unless the relevant conditions in paragraphs 19(2), (4) and (5) of Part III of Schedule 3 to the Act are satisfied. It is an offence for a UK firm which is not an authorised person to contravene this prohibition (paragraph 21 of Part III of Schedule 3 to the Act). These conditions are that:

(1) the UK firm has given the appropriate UK regulator, in accordance with the appropriate UK regulator’s rules (see SUP 13.5.1 R) or the directly applicable regulations made under the CRD (see SUP 13.5.1 R), notice of its intention to establish a branch (known as a notice of intention) which:

(a) identifies the activities which it seeks to carry on through the branch; and

(b) includes such other information as may be specified by the appropriate UK regulator (see SUP 13.5.1 R) or by the directly applicable regulations made under the CRD (see SUP 13.5.1 R);

(2) the appropriate UK regulator has given notice (known as a consent notice) to the Host State regulator;
Section 13.3 : Establishing a branch in another EEA State

(2A) if the *UK firm's EEA right* relates to providing *collective portfolio management services* under the *UCITS Directive*, the FCA has provided to the *Host State regulator*:

(a) confirmation that the *firm* has been *authorised as a management company* under the provisions of the *UCITS Directive*;

(b) a description of the scope of the *firm's authorisation*; and

(c) details of any restriction on the types of *EEA UCITS scheme* that the *firm is authorised* to manage; and

(3) (a) if the *UK firm's EEA right* derives from the *MCD*, one *month* has elapsed beginning on the date on which the *UK firm* received notice that the *appropriate UK regulator* had given a *consent notice* as described in ■ SUP 13.3.6 G (1);

(aa) if the *UK firm's EEA right* derives from the *IDD*, either:

(i) the *Host State regulator* has notified the *appropriate UK regulator* of the *applicable provisions*; or

(ii) one *month* has elapsed beginning with the date on which the *appropriate UK regulator* gave the *consent notice* as described in ■ SUP 13.3.5G(2);

(b) in any other case (except for a *firm* passporting under *AIFMD*):

(i) the *Host State regulator* has notified the *UK firm* of the *applicable provisions* or, in the case of a *UK firm* passporting under *MiFID* or the *UCITS Directive*, that the *branch* may be established; or

(ii) two *months* have elapsed beginning with the date on which the *appropriate UK regulator* gave the *consent notice*.

13.3.2A [deleted]

13.3.2B [G] An *appointed representative* appointed by a *firm* to carry on *insurance distribution activity* on its behalf may establish a *branch* in another *EEA State* under the *IDD*. In this case, the *notice of intention* in ■ SUP 13.3.2 G (1) should be given to the *appropriate UK regulator* by the *firm* on behalf of the *appointed representative*.

13.3.2C [G] An *exempt professional firm* which is included in the record of *unauthorised persons* carrying on *insurance distribution activity* maintained by the *FCA* under article 93 of the *Regulated Activities Order* may establish a *branch* in another *EEA State* under the *IDD* (see ■ PROF 7.2).

13.3.2D [G] A *tied agent* appointed by a *MiFID investment firm* to carry on *investment services and activities* (and *ancillary services* where relevant) does not have its own passporting right to establish a *branch* in another *EEA State*. However, a
MiFID investment firm remains free to appoint a tied agent to do business in another EEA State and where it does so, the tied agent will benefit from its passport.

13.3.4 [deleted]

13.3.4-A If a UK firm is passporting under AIFMD, it may establish a branch in another EEA State as soon as the conditions in SUP 13.3.2 G (1) and SUP 13.3.2 G (2) are met.

13.3.4A [deleted]

Issue of a consent notice to the Host State regulator

13.3.5 (1) If the UK firm’s EEA right derives from the CRD or MiFID, the appropriate UK regulator will give the Host State regulator a consent notice within three months unless it has reason to doubt the adequacy of a UK firm’s resources or its administrative structure. The Host State regulator then has a further two months to notify the applicable provisions (if any) and prepare for the supervision, as appropriate, of the UK firm, or in the case of a MiFID investment firm, to inform the UK firm that a branch can be established.

(1A) If the UK firm’s EEA right derives from the UCITS Directive, the FCA will give the Host State regulator a consent notice within two months unless it has reason to doubt the adequacy of the UK firm’s resources or its administrative structure. The Host State regulator then has a further two months to prepare for the supervision of the UK firm.

(1B) Where the UK firm’s EEA right derives from AIFMD, the FCA will give the Host State regulator a consent notice within two months of having received the notice of intention and immediately inform the UK firm pursuant to SUP 13.3.6 G (1) if the FCA is satisfied that the firm complies, and continues to comply with:

(a) the provisions implementing the AIFMD; and

(b) any directly applicable EU regulation made under that directive.

(2) If the UK firm’s EEA right derives from the IDD, the appropriate UK regulator will give the Host State regulator a consent notice within one month of the date on which it received the UK firm’s notice of intention unless it has reason to doubt the adequacy of the UK firm’s resources or its administrative structure. The Host State regulator then has a further one month to notify the applicable provisions.

(3) If the UK firm’s EEA right derives from the MCD, the FCA will give the Host State regulator a consent notice within one month of the date on which it received the UK firm’s notice of intention. The Host State regulator then has a further two months to prepare for the supervision of the UK firm.

13.3.5A Where the PRA is the appropriate UK regulator, it will consult the FCA before deciding whether to give a consent notice, except where...
(19(7A)) of Part III of Schedule 3 to the Act applies. Where the FCA is the appropriate UK regulator, it will consult the PRA before deciding whether to give a consent notice in relation to a UK firm whose immediate group includes a PRA-authorised person.

13.3.6

(1) Save where (1A) applies, if the appropriate UK regulator gives a consent notice, it will inform the UK firm in writing that it has done so.

(1A) If the UK firm’s EEA right derives from the IDD, where the appropriate UK regulator has given a consent notice and the Host State regulator has acknowledged receipt of that notice, the appropriate UK regulator must give written notice to the UK firm concerned that the Host State regulator has received the consent notice.

(2) The consent notice will contain, among other matters, the requisite details (see SUP 13 Annex 1) provided by the UK firm in its notice of intention (see SUP 13.5 (Notices of intention)).

(3) Where a consent notice is given under the UCITS Directive, the FCA will at the same time:

(a) communicate to the Host State regulator details of the compensation scheme intended to protect investors; and

(b) enclose the information described at SUP 13.3.2 G (2A).

(4) Where a consent notice is given under the AIFMD it must include confirmation that the UK firm has been authorised by the FCA under AIFMD.

(5) Where a consent notice is given under the MCD in relation to a tied MCD credit intermediary, it will include details of:

(a) any MCD creditor or group to which it is tied; and

(b) whether the MCD creditor or group take full and unconditional responsibility for the tied MCD credit intermediary’s activities.

(6) Where a consent notice is given under the IDD, it will include the following information:

(a) the name, address and, where applicable, the registration number of the insurance intermediary;

(b) the EEA State within the territory of which the insurance intermediary plans to establish a branch;

(c) the category of insurance intermediary and, if applicable, the name of the insurer represented;

(d) the relevant classes of insurance, if applicable;

(e) the address within the Host State from which documents may be obtained; and

(f) the name of any person responsible for the management of the branch.
13.3.7  
(1) If the appropriate UK regulator proposes to refuse to give a consent notice, then paragraph 19(8) of Part III of Schedule 3 to the Act requires the appropriate UK regulator to give the UK firm a warning notice.

(2) If the appropriate UK regulator decides to refuse to give a consent notice, then paragraph 19(12) of Part III of Schedule 3 to the Act requires the appropriate UK regulator to give the UK firm a decision notice within three months of the date on which it received the UK firm’s notice of intention (two months in the case of a UK firm which is a UCITS management company or an AIFM and one month in the case of a UK firm which is an insurance intermediary). The UK firm may refer the matter to the Tribunal.

(3) [deleted]

13.3.7A  
For details of the FCA’s procedures for the giving of warning notices or decision notices see DEPP 2 (Statutory notices and the allocation of decision making).

UCITS management companies: other information to be provided to the Host State

13.3.8  
A UK firm seeking to provide collective portfolio management services from a branch in another EEA State, is advised that it will need to refer to the rules of the competent authority of the UCITS Home State implementing article 20 of the UCITS Directive which will require it to submit to that competent authority information relating to its depositary agreement and certain delegation arrangements.

MiFID branch forms

13.3.9  
(1) (a) A UK MiFID investment firm wishing to use a tied agent established in another EEA State is required to complete the form in Annex VII of MiFID ITS 4A and send it to the FCA.

[Note: article 14(1) of MiFID ITS 4A]

(b) A UK MiFID investment firm which intends to establish a branch in another EEA State is required to complete the form in Annex VI of MiFID ITS 4A and send it to the FCA.

[Note: article 13(1) of MiFID ITS 4A]

(c) A UK MiFID investment firm that intends to establish a branch which in turn intends to use tied agents is required to complete the forms in Annex VI and Annex VII of MiFID ITS 4A and send them to the FCA.

[Note: article 13(2) of MiFID ITS 4A]

(2) (a) Each of the forms in MiFID ITS 4A referred to in (1) is replicated in SUP 13.3.9G(1)(a) to (c) is replicated in SUP 13 Annex 1AR.

(b) These versions should be used for the purposes of notifications to the FCA.

(c) The forms should be submitted in accordance with SUP 13.5.3R.
13.4 Providing cross border services into another EEA State

Where is the service provided?

13.4.1 Guidance on where a cross border service is provided is given in SUP App 3.

The conditions for providing cross border services into another EEA State

13.4.2 A UK firm or an AIFM exercising an EEA right to market an AIF under AIFMD, cannot start providing cross border services into another EEA State under an EEA right unless it satisfies the conditions in paragraphs 20(1) of Part III of Schedule 3 to the Act and, if it derives its EEA right from AIFMD, MiFID or the UCITS Directive, paragraph 20(4B) of Part III of Schedule 3 to the Act. If a UK firm derives its EEA right from the MCD, it cannot start providing cross border services into another EEA State under an EEA right unless it satisfies the conditions in paragraphs 20(1) of Part III of Schedule 3 to the Act and paragraph 20(4BB) of Part III of Schedule 3 to the Act. It is an offence for a UK firm which is not an authorised person to breach this prohibition (paragraph 21 of Part III of Schedule 3 to the Act). The conditions are that:

1. the UK firm has given the appropriate UK regulator, in the way specified by appropriate UK regulator's rules (see SUP 13.5.2 R), notice of its intention to provide cross border services (known as a notice of intention) which:
   a. identifies the activities which it seeks to carry on by way of provision of cross border services; and
   b. includes such other information as may be specified by the appropriate UK regulator (see SUP 13.5.2 R); and

2. [deleted]

3. if the UK firm is passporting under the IDD, the UK firm has received written notice from the appropriate UK regulator as described in SUP 13.4.5AG (paragraph 20 (3B)(b) of Schedule 3 to the Act); or

4. if the UK firm is passporting under AIFMD, the firm has received written notice from the FCA as described in SUP 13.4.4-AG (1)(c).
(5) if the UK firm is passporting under the MCD, one month has elapsed, beginning with the date on which the firm receives the notice, as described in SUP 13.4.5 G.

13.4.2A An appointed representative appointed by a firm to carry on insurance distribution activity on its behalf may provide cross border services in another EEA State under the IDD. In this case, the notice of intention in SUP 13.4.2 G (1) should be given to the appropriate UK regulator by the firm on behalf of the appointed representative.

13.4.2B An exempt professional firm which is included in the record of unauthorised persons carrying on insurance distribution activity maintained by the FCA under article 93 of the Regulated Activities Order may provide cross border services in another EEA State under the IDD (see PROF 7.2).

13.4.2C A tied agent appointed by a MiFID investment firm to carry on investment services and activities (and ancillary services where relevant) does not have its own passporting right to provide cross border services in another EEA State. However, a MiFID investment firm remains free to appoint a tied agent to do business in another EEA State and where it does so, the tied agent will benefit from its passport.

13.4.2D (1) A MiFID investment firm that wishes to obtain a passport for the activity of operating a multilateral trading facility or operating an organised trading facility should follow the procedures described in this chapter.

(2) A UK market operator that operates a recognised investment exchange, a recognised auction platform (pursuant to the RAP regulations, the definition of regulated market in the Act is read for these purposes as including a recognised auction platform), an MTF or an OTF and wishes to provide cross border services into another EEA State should follow the procedure described in REC 4.2B.

13.4.2F A UK firm that is an AIFM may exercise an EEA right to market a UK AIF or EEA AIF managed by it under AIFMD when the following conditions are satisfied:

(1) the UK firm has given the FCA a notice of intention SUP 13.5.2 R; and

(2) the FCA has sent a copy of the notice of intention to the Host State regulator where the AIF will be marketed and has given the UK firm written notice that it has done so.

13.4.3 [deleted]

13.4.3A [deleted]
(2A) If the UK firm’s EEA right derives from the IDD, \textit{paragraph 20(3B)(a)} of Part III of Schedule 3 to the Act requires the appropriate UK regulator to send a copy of the notice of intention to the Host State regulator within one month of receipt.

(2B) Where a consent notice is given under the UCITS Directive, the FCA will at the same time:

(a) communicate to the Host State regulator details of the compensation scheme intended to protect investors; and
(b) provide to the Host State regulator:
   i. confirmation that the firm has been authorised as a management company under the provisions of the UCITS Directive;
   ii. a description of the scope of the firm’s authorisation; and
   iii. details of any restriction on the types of EEA UCITS scheme that the firm is authorised to manage.

(3) If the UK firm’s EEA right derives from the MCD, the FCA will give the Host State regulator a consent notice within one month of the date on which it received the UK firm’s notice of intention.

(4) Where a consent notice is given under the MCD in relation to a tied MCD credit intermediary, the consent notice will include details of:
   a. any MCD creditor or group to which the firm is tied; and
   b. whether the MCD creditor or group take full and unconditional responsibility for the tied MCD credit intermediary’s activities.

(1) If the UK firm’s EEA right derives from AIFMD (other than the EEA right to market an AIF (referred to in (3)) and the condition in (2) is met, paragraph 20(3D) of Part III of Schedule 3 to the Act requires the FCA to:
   a. send a copy of the notice of intention to the Host State regulator within one month of receipt;
   b. include confirmation that the UK firm has been authorised by the FCA under AIFMD; and
   c. immediately inform the UK firm that the notice of intention and confirmation have been sent to the Host State regulator;

(2) The condition referred to in (1) is that the FCA is satisfied that the firm complies and will continue to comply with:
   a. the provisions implementing AIFMD, and
   b. any directly applicable EU regulation made under AIFMD.

(3) If the UK firm’s EEA right derives from AIFMD and relates to the EEA right to market an AIF and both the conditions in (4) are met, paragraph 20C of Part III of Schedule 3 to the Act requires the FCA to:
   a. send a copy of the notice of intention to the Host State regulator within 20 working days of receipt;
   b. include confirmation that the UK firm has been authorised by the FCA to manage AIFs with a particular investment strategy; and
   c. where the notice of intention relates to an EEA AIF, inform the competent authority of the EEA AIF that the UK firm may start marketing the AIF in the EEA States covered by the notice of intention.

(4) The conditions referred to in (3) are that:
   a. the FCA is satisfied that the UK firm complies, and will continue to comply with, AIFMD and any directly applicable EU regulation made under AIFMD; and
(b) where the AIF is a feeder AIF, its master AIF is a UK AIF or EEA AIF that is managed by a full-scope UK AIFM or a full-scope EEA AIFM.

(5) If the FCA refuses to send a copy of the notice of intention to the Host State regulator it must notify the AIFM in writing and include the reasons for such refusal. In such case, the AIFM may refer the matter to the Tribunal.

13.4.4A Where the PRA is the appropriate UK regulator, it will consult the FCA before deciding whether to give a consent notice and where the FCA is the appropriate UK regulator, it will consult the PRA before deciding whether to give a consent notice in relation to a UK firm whose immediate group includes a PRA-authorised person.

13.4.5 Save where SUP 13.4.5AG applies, when the appropriate UK regulator sends a copy of a notice of intention, or if it gives a consent notice to the Host State regulator, it must inform the UK firm in writing that it has done so (paragraphs 20(3D)(a)(iii) and (4) and 20C(9) of Schedule 3 to the Act).

13.4.5A If a UK firm’s EEA right derives from the IDD, when the Host State regulator has acknowledged receipt of the copy of the notice of intention, the appropriate UK regulator must:

(a) inform the UK firm in writing that the Host State regulator has received the notice of intention and that the firm may begin providing the services to which the notice of intention relates; and

(b) notify the firm of the applicable provisions (if any).

[Note: paragraph 20 (3B)(b) of Schedule 3 to the Act]

Applicable provisions for cross border services

13.4.6A If a UK firm is passporting under the MCD, then the Host State regulator will notify the UK firm if there are any applicable provisions within two months of receiving a consent notice.

UCITS management companies: other information to be provided to the Host State

13.4.7 A UK firm seeking to provide collective portfolio management services in another EEA State under the freedom to provide cross border services, is advised that it will need to refer to the rules of the competent authority of the UCITS Home State implementing article 20 of the UCITS Directive which will require it to submit to that competent authority information relating to its depositary agreement and certain delegation arrangements.

MiFID services forms

13.4.8 (1) A UK MiFID investment firm is required to submit an investment services and activities passport notification to the FCA by completing
the form in Annex I of MiFID ITS 4A. The firm should complete a separate form for each EEA State it wishes to provide services into.

[Note: article 4(1) of MiFID ITS 4A]

(2) A UK MiFID investment firm wishing to provide investment services or activities through a tied agent established in the UK is required to send an investment services and activities passport notification to the FCA by completing the parts of the form in Annex I of MiFID ITS 4A that are relevant to a tied agent. The firm should complete a separate form for each EEA State into which it wishes to provide services through a tied agent.

[Note: article 4(3) of MiFID ITS 4A]

(3) A UK MiFID investment firm operating a multilateral trading facility or operating an organised trading facility that intends to provide appropriate arrangements to facilitate access to and trading on those systems by remote users, members or participants in another EEA State, is required to send the details of the Host State in which it intends to provide such arrangements to the FCA by completing the form in Annex IV of MiFID ITS 4A. If the firm is notifying in respect of more than one MTF or OTF, it should complete a separate form for each MTF or OTF.

[Note: article 9 of MiFID ITS 4A]

(4) (a) Each of the forms in MiFID ITS 4A referred to in SUP 13.4.8G(1) to (3) is replicated in SUP 13 Annex 2R.

(b) These versions should be used for the purposes of notifications to the FCA.

(c) The forms should be submitted in accordance with SUP 13.5.3R.
13.5  Notices of intention

Specified contents: notice of intention to establish a branch

13.5.1  A UK firm, other than a CRD credit institution, wishing to establish a branch in a particular EEA State for the first time under an EEA right other than under the auction regulation must submit a notice of intention in the form set out in:

(1)  ■ SUP 13 Annex 1R; or

(2) if the firm is a UK MiFID investment firm, ■ SUP 13 Annex 1AR.

13.5.1AA  A UK firm establishing a branch in a particular EEA state for the first time under the auction regulation must submit a notice of intention in the form set out in ■ SUP 13 Annex 7R prior to its establishment of that branch or whenever possible thereafter.

Specified contents: notice of intention to provide cross border services

13.5.2  A UK firm wishing to provide cross border services into a particular EEA State for the first time under an EEA right other than under the auction regulation must submit a notice in the form set out in:

(1)  ■ SUP 13 Annex 2 R if the UK firm is passporting under MiFID; or

(2)  ■ SUP 13 Annex 4 R if the UK firm is passporting under the CRD; or

(3)  ■ SUP 13 Annex 5 R if the UK firm is passporting under the IDD

(4)  ■ SUP 13 Annex 6 R, if the UK firm is a management company passporting under the UCITS Directive.

(5)  ■ SUP 13 Annex 8AR, if the UK firm is providing cross-border services under AIFMD to manage an AIF in another EEA State.

(6)  ■ SUP 13 Annex 8BR, if the UK firm is providing cross-border services under AIFMD to market an AIF in another EEA State.

(7)  ■ SUP 13 Annex 9 R, if the UK firm is passporting under the MCD
SUP 13 : Exercise of passport rights by UK firms

Section 13.5 : Notices of intention

13.5.2-A R

(1) A UK firm wishing to provide a service into a particular EEA State for the first time under the auction regulation must inform the appropriate UK regulator of the information in (2) by email to emissionstrading@fca.org.uk prior to its provision of that service or whenever possible thereafter.

(2) The information required by (1) is:
   (a) name of the firm and the firm reference number;
   (b) EEA state in which the service is or will be provided; and
   (c) the proposed commencement date of the service or the date on which the service commenced.

13.5.2A G

SUP 13.5.2 R does not apply to UK firms exercising an EEA right under the auction regulation as they have automatic passport rights on the basis of their Home State authorisation under the auction regulation. However, the information required by SUP 13.5.2-A R assists the FCA’s supervision of a UK firm’s provision of a service in another EEA state under the auction regulation.

Method of submission of notices

13.5.3 R

(1) A UK firm, other than a credit union, must submit any notice under SUP 13.5.1R or SUP 13.5.2 R online at www.fca.org.uk using the online notification and application system.
   (a) [deleted]
   (b) [deleted]

(2) [deleted]
   (a) [deleted]
   (b) [deleted]
   (c) [deleted]
   (d) [deleted]
   (e) [deleted]
   (f) [deleted]

(3) Where a firm is obliged to submit a notice in accordance with (1), if the 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 that notice in the way set out in SUP 15.7.4 R to SUP 15.7.9 G (Form and method of notification).

(4) [deleted]
(1) If the information technology systems fail and online submission is unavailable for 24 hours or more, the appropriate UK 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 13.5.3 R (3) and SUP 15.7.4 R to SUP 15.7.9 G (Form and method of notification) should be used.

(2) Where SUP 13.5.3 R (3) applies to a firm, GEN 1.3.2 R (Emergency) does not apply.

Unregulated activities

A notice of intention (other than one to establish a branch or provide services in another EEA state under the auction regulation) may include activities within the scope of the relevant Single Market Directive which are not regulated activities paragraphs 19(3) and 20(2) of Part III of Schedule 3 to the Act), although in the case of a MiFID investment firm a notice of intention may only include ancillary services which are to be carried on with one or more investment services and activities paragraphs 19(5B) and 20(2A) of Part III of Schedule 3 to the Act). Regulation 19 of the EEA Passport Rights Regulations states that where a UK firm is able to carry on such an unregulated activity in the EEA State in question without contravening any law of the United Kingdom (or any part of the United Kingdom) the UK firm is treated, for the purposes of the exercise of its EEA right, as being authorised to carry on that activity.

Notifications to more than one EEA State

If a UK firm wishes to establish branches in, or provide cross border services into, more than one EEA State, a single notification may be provided but the relevant information for each EEA State should be clearly identifiable.
13.6 Changes to branches

(1) Where a UK firm is exercising an EEA right, other than under the CRD, and has established a branch in another EEA State, any changes to the details of the branch are governed by the EEA Passport Rights Regulations.

(2)References to regulations in this section are to the EEA Passport Rights Regulations.

(3) (a) A UK firm which is not an authorised person should note that, under regulation 18, contravention of the prohibition imposed by regulation 11(1), 13(1) or 15(1) is an offence.

(b) It is a defence, however, for the UK firm to show that it took all reasonable precautions and exercised due diligence to avoid committing the offence.

(4) Where a UK MiFID investment firm exercises an EEA right under MiFID and has established a branch in another EEA State, any changes to the details of the branch are also governed by MiFID RTS 3A and MiFID ITS 4A.

UK firms should note that if a branch in another EEA State ceases to provide services, this may represent a change in requisite details or, if the firm is passporting under the Solvency II Directive, the relevant EEA details or relevant UK details.

UK firms should also note that changes to the details of branches may lead to changes to the applicable provisions to which the UK firm is subject. These changes should be communicated to the UK firm by the Host State regulator.

Firms passporting under CRD and the UCITS Directive.

If a UK firm has exercised an EEA right, under the CRD or the UCITS Directive, and established a branch in another EEA State, regulation 11(1) states that the UK firm must not make a change in the requisite details of the branch (see SUP 13 Annex 1), unless it has satisfied the requirements of regulation 11(2), or, where the change arises from circumstances beyond the UK firm’s control, regulation 11(3) (see SUP 13.6.10 G).

Where the change arises from circumstances within the control of the UK firm, the requirements in regulation 11(2) are that:

13.6.1
13.6.2
13.6.3
13.6.4
13.6.5
(1) the UK firm has given notice to the appropriate UK regulator and to the Host State regulator stating the details of the proposed change;

(2) the appropriate UK regulator has given the Host State regulator a notice informing it of the details of the change; and

(3) either the Host State regulator has informed the UK firm that it may make the change, or the period of one month beginning with the day on which the UK firm gave the Host State regulator the notice in (1) has elapsed.

### Firms passporting under MiFID

**13.6A**

If a UK firm has exercised an EEA right to establish a branch under MiFID, it must not make a change in the requisite details of the branch (see SUP 13 Annex 1AR), use, for the first time, a tied agent established in the EEA State in which the branch is established, or cease to use a tied agent established in the EEA State in which the branch is established, unless it has satisfied the requirements of regulation 11A(2) (see SUP 13.6.5B G).

**13.6B**

The requirements of regulation 11A(2) are that:

(1) the UK firm has given a notice to the appropriate UK regulator stating the details of the proposed change; and

(2) the period of one month beginning with the day on which the UK firm gave the notice has elapsed.

**13.6C**

A UK MiFID investment firm is also required to notify the FCA of changes to a branch or tied agent in accordance with:

(1) article 7 (Information to be notified concerning the change of branch or tied agent particulars) of MiFID RTS 3A;

(2) article 18 (submission of the change of branch particulars notification) of MiFID ITS 4A; and

(3) article 19 (submission of the change of the tied agent particulars notification) of MiFID ITS 4A.

**13.6D**

If any of the details in a branch passport notification change, a UK MiFID investment firm is required to notify the FCA by completing the form in Annex VI of MiFID ITS 4A.

[Note: article 18(1) of MiFID ITS 4A]

**13.6E**

If any of the details in a tied agent passport notification change, a UK MiFID investment firm is required to notify the FCA, by completing the form in Annex VII of MiFID ITS 4A.

[Note: article 19(1) of MiFID ITS 4A]
If a UK MiFID investment firm closes a branch or stops using a tied agent, it is required to notify the FCA using the form in Annex X of MiFID ITS 4A.

[Note: articles 18(4) and 19(4) of MiFID ITS 4A]

(1) Each of the forms in MiFID ITS 4A referred to in SUP 13.6.5DG to SUP 13.6.5FG is replicated in SUP 13 Annex 1AR.

(2) These versions should be used for the purposes of notifications to the FCA.

(3) The forms should be submitted in accordance with SUP 13.8.1R.

Firms passporting under the IDD

(1) If a UK firm has exercised an EEA right under the IDD and established a branch in another EEA State, the UK firm must not make any material change to the relevant details of the branch (see SUP 13 Annex 1R), unless it has satisfied the requirements in regulation 17(C)(2).

(2) The requirements in regulation 17(C)(2) are that:

(a) the UK firm has given a notice to the appropriate UK regulator stating the details of the proposed change; and

(b) the period of one month, beginning with the date on which the UK firm gave the notice, has elapsed.

Firms passporting under AIFMD

(1) If a UK firm has exercised an EEA right under AIFMD and established a branch in another EEA State, the UK firm must not make a material change in the requisite details of the branch or the identity of the AIFs it manages in the EEA State in which it has established a branch (see SUP 13 Annex 1), unless:

(a) it has complied with regulation 17A(4) for a planned change; or

(b) it has complied with regulation 17A(5) for an unplanned change.

(2) The requirements in regulation 17A(4) for a planned change are that:

(a) the UK firm has given notice to the FCA stating the details of the proposed change; and

(b) either the FCA:

   (i) has consented to the change; or

   (ii) has not objected to the change in the period of one month beginning on the day on which the UK firm gave notice.

(3) The requirements in regulation 17A(5) for an unplanned change are that:

(a) the UK firm has given notice to the FCA immediately after an unplanned change has occurred; and

(b) the FCA has consented to the change.
Firms passporting under the MCD

13.6.9D (1) A UK firm which has exercised an EEA right deriving from the MCD to establish a branch, must not make any material changes to the requisite details of the branch unless it has complied with the requirements in regulation 17(B)(2).

(2) The requirements in regulation 17(B)(2) are that

(a) the UK firm has given notice to the FCA stating the details of the proposed change; and

(b) the period of one month beginning with the day on which the UK firm gave notice has elapsed.

(3) Paragraph (1) does not apply to changes occasioned by circumstances beyond the control of the UK firm.

Changes arising from circumstances beyond the control of a UK firm

13.6.10 (1) If the change arises from circumstances beyond the UK firm's control, the UK firm is required by regulation 11(3) or regulation 13(3) to give a notice to the appropriate UK regulator and to the Host State regulator stating the details of the change as soon as reasonably practicable;

(2) The appropriate UK regulator believes that for a change to arise from circumstances beyond the control of a UK firm, the circumstances should be outside the control of the firm as a whole and not just the branch in the EEA State.

(3) This guidance is not applicable to MiFID investment firms, firms passporting under the MCD or IDD or AIFMs.

The process

13.6.11 When the appropriate UK regulator receives a notice from a UK firm other than a MiFID investment firm (see SUP 13.6.5 G (1) and SUP 13.6.7 G (1)), a UK firm exercising an EEA right under the MCD (see SUP 13.6.9D G), a UK firm exercising an EEA right under the IDD (see SUP 13.6.9AG) or an AIFM (see SUP 13.6.9C G) it is required by regulations 11(4) and 13(4) to either refuse, or consent to the change within a period of one month from the day on which it received the notice.

13.6.12 If the appropriate UK regulator consents to the change, then under regulations 11(5) and 13(5) it will:

(1) give a notice to the Host State regulator informing it of the details of the change; and

(2) inform the UK firm that it has given the notice, stating the date on which it did so.

13.6.12A Where the PRA is the appropriate UK regulator, it will consult the FCA before deciding whether to give consent to a change (or proposed change)
and where the FCA is the appropriate UK regulator, it will consult the PRA before deciding whether to give consent in relation to a UK firm whose immediate group includes a PRA-authorised person.

13.6.15 If the appropriate UK regulator refuses to consent to a change, then under regulations 11(6) and 13(6):

(1) the appropriate UK regulator will give notice of the refusal to the UK firm, stating its reasons and giving an indication of the UK firm’s right to refer the matter to the Tribunal and the procedures on such a reference; and

(2) the UK firm may refer the matter to the Tribunal.

13.6.16 Standard forms are available from the FCA and PRA authorisations teams (see SUP 13.12 (Sources of further information)) to give the notices to the appropriate UK regulator described in SUP 13.6.5 G (1), SUP 13.6.5B G, SUP 13.6.7 G (1), SUP 13.6.8 G and SUP 13.6.10 G (1).

The process: MiFID investment firms

13.6.17 (1) When the FCA receives a notice from a UK MiFID investment firm (see SUP 13.6.5BG (1)), it is required by regulation 11A(3) to inform the relevant Host State regulator of the proposed change as soon as reasonably practicable.

(2) The FCA is required to use the forms in Annex XI, Annex XII or Annex XIII of MiFID ITS 4A, as applicable.

(3) The firm in question may make the change once the period of one month beginning with the day on which it gave notice has elapsed.

The process: AIFMs

13.6.18 (1) When the FCA receives a notice from an AIFM (see SUP 13.6.9C G) for a planned change and such change means the AIFM no longer complies with AIFMD, the FCA must inform the AIFM without undue delay that:

(a) the FCA objects to the change, including reasons for its decision; and

(b) the AIFM must not implement the change.

In these circumstances the AIFM may refer the matter to the Tribunal.

(2) If a planned change is implemented or an unplanned change takes place and results in the AIFM no longer complying with an implementing provision of AIFMD, the FCA must:

(a) take steps to ensure that the AIFM complies with that provision or ceases to exercise the EEA right; and

(b) give notice to the AIFM with reasons for taking such steps.

In these circumstances, the AIFM may refer the matter to the Tribunal.
(3) If a planned change is implemented or an unplanned change takes place and results in no change to the AIFM’s compliance with an implementing provision, the FCA must:

(a) give a notice to the Host State regulator informing it of the change; and

(b) inform the firm that it has given the notice, stating the date on which it did so.

The process: MCD

13.6.19  When the FCA receives a notice from a UK firm exercising an EEA right under the MCD it will, under regulation 17(B)(3), inform the relevant Host State regulator of the proposed change as soon as reasonably practicable. The UK firm in question may make the change once a period of one month has elapsed beginning with the day on which it gave notice.

The process: the IDD

13.6.20  (1) When the appropriate UK regulator receives a notice from a UK firm exercising an EEA right under the IDD it will, under regulation 17(C)(3), inform the Host State regulator of the proposed change as soon as reasonably practicable, and in any event, within one month of receiving the notice from the UK firm.

(2) The UK firm may make the change once a period of one month has elapsed beginning with the day on which it gave notice.
13.7 Changes to cross border services

13.7.1 (1) Where a UK firm is exercising an EEA right under the UCITS Directive, MiFID, the Insurance Directives, AIFMD or the IDD and is providing cross border services into another EEA State, any changes to the details of the services are governed by the EEA Passport Rights Regulations.

(2) References to regulations in this section are to the EEA Passport Rights Regulations.

(3) (a) A UK firm which is not an authorised person should note that contravention of the prohibition imposed by regulation 12(1), 12A(1) or 16(1) is an offence.

(b) It is a defence, however, for the UK firm to show that it took all reasonable precautions and exercised due diligence to avoid committing the offence.

(4) Where a UK MiFID investment firm exercises an EEA right under MiFID to provide cross border services, any changes to the details of the services are also governed by MiFID RTS 3A and MiFID ITS 4A.

13.7.2 UK firms should also note that changes to the details of cross border services may lead to changes to the applicable provisions to which the UK firm is subject.

Firms passporting under the UCITS Directive

13.7.3 If a UK firm is passporting under the UCITS Directive, regulation 12(1) states that the UK firm must not make a change in its programme of operations, or the activities to be carried on under its EEA right, unless the relevant requirements in regulation 12(2) have been complied with. These requirements are:

(1) the UK firm has given a notice to the FCA and to the Host State regulator stating the details of the proposed change; or

(2) if the change arises as a result of circumstances beyond the UK firm’s control, the UK firm has as soon as practicable (whether before or after the change) given a notice to the FCA and to the Host State regulator, stating the details of the change.
Standard forms are available from the FCA authorisations team (see SUP 13.12 (Sources of further information)) to give the notices to the FCA referred to in SUP 13.7.3 G (1) and SUP 13.7.3A G.

Firms passporting under MiFID

If a UK firm is providing cross border services in a particular EEA State in exercise of an EEA right deriving from MiFID, the UK firm must comply with the requirements of regulation 12A(2) before it makes a change to its programme of operations, including:

1. changing the activities to be carried on in exercise of that EEA right;
2. using, for the first time, any tied agent to provide services in the territory of that EEA State; or
3. ceasing to use any tied agent to provide services in the territory of that EEA State.

The requirements of regulation 12A(2) are that:

1. the UK firm has given notice to the appropriate UK regulator stating the details of the proposed change; and
2. the period of one month beginning with the day on which the UK firm gave the notice mentioned in (1) has elapsed.

A UK MiFID investment firm is also required to notify the FCA of any changes to the information in its investment services and activities passport notification, including changes relating to a UK tied agent, in accordance with:

1. article 4 (Information to be notified concerning the change of investment services and activities particulars) of MiFID RTS 3A; and
2. article 7 (Submission of the change of investment services and activities particulars notification) of MiFID ITS 4A.

If any of the details in an investment services and activities passport notification change, a UK MiFID investment firm is required to notify the FCA by completing the form in Annex I of MiFID ITS 4A.

[Note: article 7(1) of MiFID ITS 4A]

When communicating a change to investment services and/or activities, ancillary services or financial instruments, the firm is required to list all:

(a) the investment services and/or activities and ancillary services that it currently provides or intends to provide in the future; and
(b) the financial instruments that are relevant to those activities and services.

If any of the details in the notification for the provision of arrangements to facilitate access to an MTF or an OTF change, the investment firm operating the MTF or the OTF is required to notify the FCA by completing the form in Annex IV of MiFID ITS 4A.

[Note: article 11(1) of MiFID ITS 4A]
13.7.3F G (1) Each of the forms in MiFID ITS 4A referred to in SUP 13.7.3DG and SUP 13.7.3EG is replicated in SUP 13 Annex 2R.

(2) These versions should be used for the purposes of notifications to the FCA.

(3) The forms should be submitted in accordance with SUP 13.8.1R.

Termination of an investment services and activities passport

13.7.3G G A UK MiFID investment firm should use the relevant form in SUP 13 Annex 2AR to notify the FCA that it intends to:

(1) change its programme of operations by ceasing to provide cross border services; or

(2) change its programme of operations by ceasing to provide cross border services through a tied agent established in the UK; or

(3) terminate in the territory of an EEA State, the provision of arrangements to facilitate access to, and trading on, an MTF or OTF by remote users, members or participants established in that EEA State.

Standard electronic forms

13.7.6A G For further details on giving the notices to the appropriate UK regulator, as described in SUP 13.7.3 G (1), SUP 13.7.3AG and SUP 13.7.3BG, UK firms may wish to use the standard electronic form available from the FCA and PRA authorisation teams (see SUP 13.12 (Sources of further information)).

13.7.7A G [deleted]

Firms passporting under the CRD

13.7.11 G A UK firm providing cross border services under the CRD is not required to supply a change to the details of cross border services notice.

Firms passporting under the IDD

13.7.11A G (1) A UK firm which has exercised an EEA right under the IDD to provide a cross border service must not make any material change to the relevant details unless it has satisfied the requirements in regulation 17(C)(2).

(2) The requirements in regulation 17(C)(2) are that:

   (a) the UK firm has given a notice to the appropriate UK regulator stating the details of the proposed change; and

   (b) the period of one month, beginning with the date on which the UK firm gave the notice, has elapsed.
Liaison between regulators

Where the PRA is the appropriate UK regulator, it will consult the FCA before deciding whether to give consent to a change (or proposed change) and where the FCA is the appropriate UK regulator, it will consult the PRA before deciding whether to give consent in relation to a UK firm whose immediate group includes a PRA-authorised person.

Firms passporting under AIFMD

If a UK firm has exercised an EEA right under AIFMD to provide cross-border services to manage an AIF, regulation 17A(2) states that the UK firm must not make a material change to:

1. the programme of operations, or the EEA activities, to be carried out in exercise of that right; or
2. the EEA States in which it manages AIFs; or
3. the identity of the AIFs it manages in those EEA States;

unless the UK firm complies with the relevant requirements in regulation 17A(4) for a planned change or regulation 17A(5) for an unplanned change (see § SUP 13.6.9CG (2) and § SUP 13.6.9CG (3)).

If a UK firm has exercised an EEA right deriving from AIFMD to provide cross-border services to market an AIF, regulation 17A(3) states that it must not make a material change to any of the following:

1. the programme of operations identifying the AIF the AIFM intends to market and information on where the AIF is established;
2. the AIF rules or instruments of incorporation;
3. the depositary of the AIF;
4. the description of, or information on, the AIF available to investors;
5. if the AIF is a feeder AIF, the jurisdiction where the master AIF is established;
6. any additional information referred to in § FUND 3.2.2 R (Prior disclosure of information to investors), for each AIF the AIFM intends to market;
7. the EEA States in which the AIFM intends to market the units or shares of the AIF to an investor that is a professional client; and
8. information about arrangements made for the marketing of the AIF and, where relevant, arrangements to prevent the AIF from being marketed to an investor that is a retail client, including where the AIFM relies on the activities of independent entities to provide investment services for the AIF;

unless the UK firm complies with regulation 17A(4) for a planned change or regulation 17A(5) for an unplanned change (see § SUP 13.6.9CG (2) and § SUP 13.6.9CG (3)).
Firms passporting under the MCD

13.7.15

(1) A UK firm which has exercised an EEA right deriving from the MCD to provide a cross border service, must not make any material changes to the service unless it has complied with the requirements in regulation 17(B)(2).

(2) The requirements in regulation 17(B)(2) are that;
   (a) the UK firm has given notice to the FCA stating the details of the proposed change; and
   (b) the period of one month has elapsed, beginning with the day on which the UK firm gave notice.

(3) Paragraph (1) does not apply to a changes occasioned by circumstances beyond the control of the UK firm.
13.8 Changes of details: provision of notices to the appropriate UK regulator

13.8.1 R

(1) A firm must complete and submit the following notices in accordance with the procedures in SUP 13.5 for notifying the establishment of a branch or the provision of cross border services:

(a) a notice of a change to a branch or a tied agent referred to in SUP 13.6.5G(1), SUP 13.6.5BG(1), SUP 13.6.5DG, SUP 13.6.5EG, SUP 13.6.5FG, SUP 13.6.7G(1), SUP 13.6.8G, SUP 13.6.9AG, SUP 13.6.9BR, SUP 13.6.9CG, SUP 13.6.9DG and SUP 13.6.10G(1); or

(b) a notice of change to cross border services referred to in SUP 13.7.3G(1), SUP 13.7.3AG(1), SUP 13.7.3DG, SUP 13.7.3EG, SUP 13.7.3GR, SUP 13.7.5G(1), SUP 13.7.6G, SUP 13.7.11AG, SUP 13.7.13BG, SUP 13.7.14G and SUP 13.7.15G.

(2) [deleted]

(a) [deleted]

(b) [deleted]

(c) [deleted]

(d) [deleted]

(e) [deleted]

(f) [deleted]

(3) [deleted]

(4) [deleted]

13.8.1A G

The effect of SUP 13.8.1 R (1) is that a firm should submit any form, notice or application under SUP 13.8.1 R (1) in the following ways:

(1) A UK firm, other than a credit union, should submit it online at www.fca.org.uk using the online notification and application system.

(2) If the 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 should submit it in the way set out in SUP 13.5.3 R (3) and SUP 15.7.4 R to SUP 15.7.9 G (Form and method of notification). GEN 1.3.2 R (Emergency) does not apply in these circumstances.
(3) If the information technology systems fail and online submission is unavailable for 24 hours or more, the appropriate UK regulator will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission should be used.

(4) [deleted]

13.8.1B

13.8.2

UK firms passporting under the CRD may be required to submit the change to details notice in the language of the Host State as well as in English.
13.10 Applicable provisions

**13.10.1** UK firms are reminded that conduct of business rules, and other rules made for the general good, may apply to business carried on in the Host State by a UK firm. These are known in the Act as the applicable provisions (paragraph 19(13) of Part III of Schedule 3 to the Act).

**13.10.3** These Host State provisions often have requirements about the soliciting of business, for example, advertising and cold-calling rules. A UK firm should ensure it is familiar with, and acts in compliance with, the relevant requirements of its Host State regulator.
13.11 Record keeping

13.11.1 A UK firm which is exercising an EEA right must make and retain a record of:

(a) the services or activities it carries on from a branch in, or provides cross-border into, another EEA State under that EEA right; and

(b) the details relating to those services or activities (as set out in SUP 13.6 and SUP 13.7).

13.11.2 The record in (1) must be kept for five years (for firms passporting under MiFID) or three years (for other firms) from the earlier of the date on which:

(a) it was superseded by a more up-to-date record; or

(b) the UK firm ceased to have a branch in, or carry on cross border services into, any EEA State under an EEA right.

13.11.3 The record in SUP 13.11.1 R need not relate to the level of business carried on. A UK firm may comply with SUP 13.11.1 R by, for example, keeping copies of all notices of intention and change to details notices.

A UK firm should monitor the business carried on under an EEA right to ensure that any changes to details are notified as required by SUP 13.6 (Changes to branches) and SUP 13.7 (Changes to cross border services).
13.11A Enhanced supervision of UK firms exercising rights under the IDD

13.11A.1

(1) Under article 7(2) of the IDD, ensuring compliance with the obligations in Chapter V (Information requirements and conduct of business rules) and Chapter VI (Additional requirements in relation to insurance-based investment products) of the IDD by a UK firm exercising an EEA right under the IDD to establish a branch is the responsibility of the Host State. Ensuring compliance with all other obligations is the responsibility of the UK. Ensuring compliance with the obligations in the IDD by UK firms providing cross border services is the responsibility of the UK.

(2) However, article 7(1) of the IDD provides that responsibility for compliance can be altered in a particular situation. That is where an IDD insurance intermediary's primary place of business is located in a Host State. In that case, the Home State and Host State regulators may agree that the Host State regulator will act as the Home State regulator in relation to certain provisions. Those provisions are Chapters IV (Organisational requirements), V (Information requirements and conduct of business rules), VI (Additional requirements in relation to insurance-based investment products) and VII (Sanctions and other measures) of the IDD.

13.11A.2

If a UK firm is exercising an EEA right derived from the IDD in a Host State which is its primary place of business, the FCA can enter into a special agreement with the Host State regulator. The agreement can subject the UK firm to enhanced supervision by the Host State regulator. Section 203B of the Act enables the FCA’s ability to enter into this sort of agreement (an “Article 7(1) Agreement”).
13.12 Sources of further information

13.12.1 (1) Given the complexity of issues raised by passporting, UK firms are advised to consult legislation and also to obtain legal advice at earliest opportunity. Firms are encouraged to contact their usual supervisory contact at the appropriate UK regulator to discuss their proposals. However, a UK firm which is seeking guidance on procedural or notification issues relating to passporting should contact the FCA and PRA authorisations teams, as and where appropriate.

(2) An applicant for Part 4A permission which is submitting a notice of intention with its application for such permission should contact the FCA and PRA authorisations teams, as and where appropriate.

13.12.2 To contact the FCA and/or PRA authorisations teams, please see the details provided on that regulator's website.
Passporting: Notification of intention to establish a branch in another EEA state

This annex consists of only one or more forms. Forms can be completed online now by visiting: http://www.bankofengland.co.uk/pria/Pages/authorisations/passporting/notifying.aspx for a PRA-authorised person or www.fca.org.uk/firms/passporting for an FCA-authorised person.

The forms are also to be found through the following address:
Passporting: Notification of intention to establish a branch in another EEA state SUP 13 Annex 1

[Note: For CRR Firms, from 16th September 2014, forms found in Annex I of the Commission Implementing Regulation (EU) No 926/2014 replace the PDF form linked to in SUP 13 Annex 1R. CRR firms should no longer use this form from this date. Further information can be found on the PRA’s website via the link above. SUP 13 Annex 1R will be updated in due course.]
Passporting: Branch passport notifications and tied agent notifications under MiFID ITS 4A

This annex consists of only one or more forms. Forms can be completed online now by visiting: [https://www.fca.org.uk/firms/connect](https://www.fca.org.uk/firms/connect) for an FCA-authorised person.

The forms can also be found through the following address:

Passporting: Branch passport notifications and tied agent notifications under MiFID II ITS 4A of MiFID – SUP 13 Annex 1AR

Part 1: Notice of intention to establish a branch or change branch particulars in another EEA State in accordance with the Markets in Financial Instruments Directive (MiFID) (Branch passport notification)

Part 2: Notice of intention to use a tied agent established in another EEA State or to amend the details of a tied agent established in another EEA State in accordance with the Markets in Financial Instruments Directive (MiFID) (tied agent passport notification)

Part 3: Notice of the termination of the operation of a branch or cessation of the use of a tied agent established in another EEA State in accordance with the Markets in Financial Instruments Directive (MiFID)
Passporting: MiFID investment services and activities passport notification and notification for the provision of arrangements to facilitate access to an MTF or OTF under MiFID ITS 4A)

This annex consists of only one or more forms. Forms can be completed online now by visiting: https://www.fca.org.uk/firms/passporting.

The forms can also be found through the following address:
http://www.fca.org.uk/firms/passporting

Part 1: Notice of intention to provide cross border services and activities in another EEA State in accordance with the Markets in Financial Instruments Directive (MiFID) (investment services and activities passport notification)

Part 2: Notice of intention to provide arrangements to facilitate the access to an MTF or an OTF from another EEA State under the Markets in Financial Instruments Directive (MiFID)
Passporting: Notification to cease the provision of cross border services under MiFID

This annex consists of only one or more forms. Forms can be completed online now by visiting: [http://www.fca.org.uk/firms/being-regulated/passporting/notification-forms](http://www.fca.org.uk/firms/being-regulated/passporting/notification-forms) for an FCA-authorised person.

The forms can also be found through the following address:

Passporting: Notification to stop the provision of services under MiFID and notification to terminate the provision, within the territory of an EEA State, arrangements to facilitate access to, and trading on, an MTF or OTF by remote users, members or participants established in that EEA State – SUP 13 Annex 2AR

Part 1: Notice of cancellation of a cross border services and activities passport or cessation of the use of a tied agent providing cross border services in another EEA State under the Markets in Financial Instruments Directive (MiFID)

Part 2: Notice of intention to cancel arrangements to facilitate the access to an MTF or an OTF from another EEA State in accordance with the Markets in Financial Instruments Directive (MiFID)
Passporting: Consolidated Life Directive and Third Non-Life Directive
Passporting: Capital Requirements Directive
Passporting: Insurance Distribution Directive

This annex consists of only the Passporting Notification of intention to provide cross border services in another EEA State Insurance Distribution Directive (SUP 13 Annex 5R - Notification under SUP 13.5.2R) form.
Passporting: UCITS Directive

This annex consists of only one or more forms. Forms can be completed online now by [http://www.fsa.gov.uk/Pages/doing/index.shtml](http://www.fsa.gov.uk/Pages/doing/index.shtml)

The forms are also to be found through the following address:

*Passporting: UCITS Directive - SUP 13 Annex 6*
Passporting: Emissions Trading. Notice of intention from a UK firm to exercise the right of establishment in another EEA Member State

This annex consists of only one or more forms. Forms can be completed online now by visiting www.fca.org.uk/firms/connect.

The forms are also to be found through the following address:

Passporting: Emissions Trading. Notice of intention from a UK firm to exercise the right of establishment in another EEA Member State - SUP 13 Annex 7
Passporting: AIFMD

This annex consists of one or more forms. Forms can be completed online now by visiting [FCA web address to follow]

The forms are also to be found through the following address:

Passporting: AIFMD - cross border services (management) - SUP 13 Annex 8AR

Passporting: AIFMD - cross border services (marketing) - SUP 13 Annex 8BR
SUP 13: Exercise of passport rights by UK firms
This annex consists of one or more forms. Forms can be completed online now by [address to follow]: Passporting: MCD - SUP 13 Annex 9R
Chapter 13A

Qualifying for authorisation under the Act
13A.1 Application and purpose

Application

13A.1.1 (1) This chapter applies to an EEA firm that wishes to exercise an entitlement to establish a branch in, or provide cross border services into, the United Kingdom under a Single Market Directive or the auction regulation. (The Act refers to such an entitlement as an EEA right and its exercise is referred to in the Handbook as "passporting"). (See SUP App 3 (Guidance on passporting issues) for further guidance on passporting.)

The chapter does not, apart from in SUP 13A.6G (rules which an incoming EEA firm will be subject to), and SUP 13A Annex 1 and Annex 2, provide guidance in relation to an EEA firm that is a Solvency II firm or to Gibraltar firms treated as Solvency II firms. Solvency II firms and those Gibraltar firms should consult the relevant parts of the PRA Rulebook and the PRA website at: http://www.bankofengland.co.uk/pra/Pages/authorisations/passporting/notifying.aspx as the PRA is the appropriate UK regulator.

(2) This chapter also applies to:

(a) a Treaty firm that wishes to exercise rights under the Treaty in respect of regulated activities, those rights not being covered by passporting rights provided by the Single Market Directives, and qualifies for authorisation under Schedule 4 to the Act (Treaty Rights); and

(b) a UCITS qualifier, that is, an operator, trustee or depositary of a recognised collective investment scheme, constituted in another EEA State, and which qualifies for authorisation under Schedule 5 to the Act (Persons concerned in collective investment schemes).

(3) The provisions implementing the Single Market Directives are within the coordinated field (see PERG 2.9.18G (1)). So, where an incoming ECA provider intends to provide electronic commerce activity that consists of activities that fall within one of the Single Market Directives, the passporting requirements on exercising an EEA right in this chapter will apply.

13A.1.2 This chapter does not apply to:

(1) an EEA firm that wishes to carry on in the United Kingdom activities which are outside the scope of its EEA right and the scope of a permission granted under Schedule 4 to the Act; in this case the EEA firm requires a “top-up permission” under Part 4A of the Act (see the appropriate UK regulator’s website.
(1) Under the Gibraltar Order made under section 409 of the Act, a Gibraltar firm is treated as an EEA firm under Schedule 3 to the Act if it is:

(a) [deleted]

(aA) [deleted]

(b) authorised in Gibraltar under the CRD; or

(c) authorised in Gibraltar under the IDD; or

(d) authorised in Gibraltar under the MiFID; or

(e) authorised in Gibraltar under the UCITS Directive; or

(f) authorised in Gibraltar under AIFMD.

(g) authorised in Gibraltar under the MCD.

(1A) Similarly, an EEA firm which:

(a) has satisfied the Gibraltar establishment conditions and has established a branch in the UK; or

(b) has satisfied the Gibraltar service conditions and is providing cross border services into the UK;

is treated as having satisfied the establishment conditions or service conditions (as appropriate) under Schedule 3 to the Act. Regulations 4 to 7 of the EEA Passport Rights Regulations will apply to the establishment of the branch or the provision of cross border services.

(2) Credit institutions, insurance intermediaries, investment firms, management companies, AIFMs and MCD credit intermediaries are allowed to passport their services into the United Kingdom if they comply with the relevant notification procedures. So, any references in this chapter to EEA State or EEA right include references to Gibraltar and the entitlement under the Gibraltar Order where appropriate.

(3) [deleted]
13A.4  (1) This chapter explains how an EEA firm and a Treaty firm can qualify for authorisation under Schedules 3 and 4 to the Act and how a UCITS qualifier is authorised under Schedule 5 to the Act.

(2) This chapter also provides guidance on Schedule 3 to the Act for an incoming EEA firm that wishes to establish a branch in the United Kingdom instead of, or in addition to, providing cross border services into the United Kingdom or vice versa.

13A.5  (1) EEA firms should note that this chapter only addresses the procedures which the appropriate UK regulator will follow under the Act. So, an EEA firm should consider this guidance in conjunction with the requirements with which it will have to comply in its Home State.

(2) The guidance in this chapter represents the appropriate UK regulator’s interpretation of the Single Market Directives, the auction regulation, the Act and the secondary legislation made under the Act. The guidance is not exhaustive and should not be seen as a substitute for a person consulting the legislation or taking legal advice.
13A.2 EEA firms and Treaty firms

13A.2.1 A person will only be an EEA firm or a Treaty firm if it has its head office in an EEA State other than the United Kingdom. EEA firms and Treaty firms are entitled to exercise both the right of establishment and the freedom to provide services under the Treaty. The difference, however, is that an EEA firm has a right to passport under a Single Market Directive or the auction regulation, whereas a Treaty firm carries on activities for which the right to carry on those activities does not fall within the scope of a Single Market Directive or the auction regulation. An EEA firm may also be a Treaty firm if it carries on such activities. A person may be a Treaty firm, where, for example, it carries on business that includes regulated activities, the right to carry on which does not fall within the scope of the Single Market Directive or the auction regulation under which it is entitled to exercise an EEA right.

(1) [deleted]

(2) [deleted]

13A.2.2 An EEA firm may passport those activities which fall within the scope of the relevant Single Market Directive or the auction regulation as long as they are included in its Home State authorisation.
13A.3 Qualifications for authorisation under the Act

EEA firms

13A.3.1 If an EEA firm is an EEA pure reinsurer, or an EEA firm that has received authorisation under article 18 of the auction regulation, qualifies for authorisation without condition. Other than those two types of EEA firm, an EEA firm qualifies for authorisation if:

1. it is seeking to establish a branch in the United Kingdom in exercise of an EEA right and satisfies the establishment conditions (see SUP 13A.4.1 G and SUP 13A.4.2 G); or

2. it is seeking to provide cross border services into the United Kingdom in exercise of an EEA right and satisfies the service conditions (see SUP 13A.5.3 G).

13A.3.1A If an EEA MiFID investment firm seeks to use a tied agent established in the UK, the EEA MiFID investment firm will be treated as if it were seeking to establish a branch and must satisfy the establishment conditions (see SUP 13A.4.1 G).

13A.3.1C Under paragraph 15A(1) of Part II of Schedule 3 to the Act, an EEA UCITS management company intending to exercise an EEA right to provide collective portfolio management services for a UCITS scheme must, before it undertakes that activity, obtain the FCA’s approval to manage that UCITS scheme. Firms should use the application form set out in SUP 13A Annex 3 R (EEA UCITS management companies: application for approval to manage a UCITS scheme established in the United Kingdom) for this purpose.

1A. If the firm’s immediate group includes a PRA-authorised person, the FCA will give the PRA a copy of the application referred to in (1).

2. If the FCA refuses the application referred to in (1), it will give a notice to the firm and the firm’s Home State regulator in accordance with paragraph 15A of Part II of Schedule 3 to the Act. Before refusing an application, the FCA will consult with the firm’s Home State regulator.
(3) Under paragraph 15B(1) of Part II of Schedule 3 to the Act, if any representations are made to the FCA by a firm to which the notice referred to in (2) has been given, the FCA is required to decide whether to withdraw that notice. If the FCA decides not to withdraw that notice it must give the firm a decision notice.

(4) [deleted]

13A.3.1D  G  For details of the FCA’s procedures for the giving of notices see DEPP 2 (Statutory notices and allocation of decision making).

13A.3.2  G  (1) On qualifying for authorisation, subject to SUP 13A.3.1C G (1), an EEA firm (except for an EEA firm that has received authorisation under article 18 of the auction regulation) will have permission to carry on each permitted activity (see (3) below) which is a regulated activity.

(2) [deleted]

(3) The permitted activities of an EEA firm (except for an EEA firm that has received authorisation under article 18 of the auction regulation) are those activities identified in the consent notice, regulator’s notice or notice of intention. Those permitted activities may include activities that are within the scope of a Single Market Directive but which are unregulated activities in the United Kingdom.

(3A) An EEA firm that received authorisation under article 18 of the auction regulation has permission to carry on bidding in emissions auctions.

(4) The permission will be treated as being on terms equivalent to those appearing in the consent notice, regulator’s notice, notice of intention or (in respect of an EEA firm that has received authorisation under article 18 of the auction regulation) to those appearing in the authorisation granted to the EEA firm under article 18 of the auction regulation. For example, it will reflect any limitations or requirements which are included in the firm’s Home State authorisation.

13A.3.3  G  An EEA firm which has qualified for authorisation is referred to in the Handbook as an incoming EEA firm.

Treaty firms

13A.3.4  G  Under section 31 of the Act, a Treaty firm is authorised for the purposes of the Act if it qualifies for authorisation under Schedule 4 (Treaty Rights), that is:

(1) the Treaty firm is seeking to carry on a regulated activity; and

(2) the conditions set out in paragraph 3(1) of Schedule 4 to the Act are satisfied.

13A.3.5  G  On qualifying for authorisation a Treaty firm will have permission to carry on each permitted activity which is a regulated activity. This permission will be
treated on the same terms as those which apply to the Treaty firm's Home State authorisation. For example, it will reflect any limitations or requirements which are included in the firm's Home State authorisation.

13A.3.6 G The effect of paragraph 5(1) and 5(2) of Schedule 4 to the Act is that a Treaty firm which qualifies for authorisation under that Schedule must, at least seven days before it carries on any of the regulated activities covered by its permission, give the appropriate UK regulator written notice of its intention to do so. Failure to do so is a criminal offence under paragraph 6(1) of that Schedule.

13A.3.6A G Where the PRA receives a notification, it will give a copy to the FCA, and where the FCA receives a notification, it will give a copy to the PRA where relevant.

13A.3.7 D (1) A written notice from a Treaty firm under paragraph 5(2) of Schedule 4 to the Act must be:

(a) addressed for the attention of the authorisations team in the PRA or FCA, as appropriate; and

(b) delivered to the appropriate UK regulator by one of the methods in (2).

(2) The written notice may be delivered by:

(a) post to either of the following addresses, as appropriate:

(i) the address for notices to the FCA: The Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN; or

(ii) the address for notices to the PRA: The Prudential Regulation Authority, 20 Moorgate, London, EC2R 6DA; or

(b) leaving the application at the address in SUP 13A.3.9 G below and obtaining a time-stamped receipt; or

(c) hand delivery to a member of the authorisations team in the PRA or FCA, as appropriate.

13A.3.8 G The written notice required by paragraph 5(2) of Schedule 4 to the Act should be accompanied by confirmation of the Treaty firm's authorisation from the Home State regulator, as referred to in paragraph 3(2) of Schedule 4 to the Act.

13A.3.9 G (1) For further information, a Treaty firm should contact the FCA and/or PRA authorisations teams using the details provided on that regulator's website.

13A.3.10 G (1) The guidance in PERG 2 is relevant to Treaty firms to help them determine if they require authorisation under the Act.

(2) A Treaty firm which qualifies for authorisation is referred to in the Handbook as an incoming Treaty firm.
Supplementary: Qualifying for authorisation under the Act

13A.3.12 [G] Under Schedule 5 to the Act (Persons concerned in collective investment schemes), a person who for the time being is an operator, trustee or depositary of a scheme which is a recognised scheme under section 264 of the Act is an authorised person. Such a person is referred to in the Handbook as a UCITS qualifier.

13A.3.13 [G] A UCITS qualifier has permission under paragraph 2 of Schedule 5 to the Act, to carry on, as far as is appropriate to the capacity in which it acts in relation to the scheme:

(1) the regulated activity of establishing, operating or winding up a collective investment scheme; and

(2) any activity in connection with, or for the purposes of, the scheme (including the regulated activity of managing a UCITS).

13A.3.14 [G] A UCITS qualifier should refer to COLLG or to the following sections of COLL for requirements for recognised schemes:

(1) COLL 9.2.1 G for guidance on notifications;

(2) COLL 9.2.1 G for guidance on information and documentation requirements; and

(3) COLL 9.4 which includes rules on what facilities need to be maintained.
**13A.4 EEA firms establishing a branch in the United Kingdom**

**The conditions for establishing a branch**

13A.4.1 (1) Before an EEA firm (other than an EEA pure reinsurer or an EEA firm that has received authorisation under article 18 of the auction regulation) exercises an EEA right to establish a branch in the United Kingdom, the Act requires it to satisfy the establishment conditions, as set out in paragraph 13(1) of Part II of Schedule 3 to the Act.

(2) For the purposes of paragraph 13(1)(b)(iii) of Part II of Schedule 3 to the Act, the information to be included in the consent notice has been prescribed under regulation 2 of the EEA Passport Rights Regulations.

13A.4.1A An EEA UCITS management company may not exercise an EEA right to provide collective portfolio management services for a UCITS scheme from a branch in the United Kingdom until approved by the FCA to do so (see ■ SUP 13A.3.1C G).

13A.4.2 [deleted]

13A.4.3 For the purposes of paragraph 13(2)(b) of Part II of Schedule 3 to the Act, the applicable provisions may include the appropriate UK regulator’s rules. The EEA firm is required to comply with relevant rules when carrying on a passported activity through a branch in the United Kingdom as well as with relevant UK legislation.

13A.4.3A Guidance on the matters that are reserved to a firm’s Home State regulator is located in ■ SUP 13A Annex 2.

**The notification procedure**

13A.4.4 (1) When the appropriate regulator receives a consent notice from the EEA firm’s Home State regulator, it will, under paragraphs 13(2)(b) and 13(3) of Part II of Schedule 3 to the Act, notify the applicable provisions (if any)
within two months of the notice date.

(1A) The notice date is:
(a) for a MiFID investment firm, the date on which the Home State gave the consent notice; and
(b) in any other case, the date on which the appropriate UK regulator received the consent notice.

(2) Although the appropriate UK regulator is not required to notify the applicable provisions to an EEA firm passporting under MiFID or AIFMD, these provisions are set out in SUP 13A Annex 1 (Application of the Handbook to Incoming EEA Firms).

13A.4.4-A

When the FCA receives a consent notice from the EEA firm’s Home State regulator in respect of a EEA firm within paragraph 5(i) of Part I of Schedule 3 to the Act, it will, under paragraph 13(3A):

(1) notify the firm of the applicable provisions (if any); and
(2) use the information received from the EEA firm’s Home State regulator to enter the necessary information into the Financial Services Register.

13A.4.4-B

When the appropriate UK regulator receives a consent notice from the EEA firm’s Home State regulator in respect of an EEA firm within paragraph 5(e) of Part I of Schedule 3 to the Act, it will, under paragraph 13(3C):

(1) acknowledge receipt; and
(2) notify the EEA firm’s Home State regulator of the applicable provisions (if any),

before the end of the period of one month beginning with the day on which the appropriate UK regulator received the consent notice.

13A.4.4A

(1) Where the PRA receives a consent notice, it will give a copy to the FCA without delay, and where the FCA receives a consent notice it will give a copy to the PRA, where relevant, without delay.

(2) In a case where the FCA is the appropriate UK regulator, the consent of the PRA is required for any notification by the FCA which relates to:
(a) a PRA-regulated activity;
(b) a PRA-authorised person; or
(c) a person whose immediate group includes a PRA-authorised person.

Auction regulation bidding: notification rule and applicable provisions

An incoming EEA firm that is exercising an EEA right under the auction regulation to establish a branch in the United Kingdom must submit the
13A.4.6 The sole purpose of the notification in SUP 13A.4.5 R is to enable the FSA to supervise the UK branch of the incoming EEA firm's compliance with the applicable provisions on an ongoing basis. The applicable provisions that apply to that branch are set out in SUP 13A Annex 1 G (Application of the Handbook to Incoming EEA Firms).

form in SUP 13A Annex 4 R prior to its establishment of that branch or whenever possible thereafter.
13A.5 EEA firms providing cross border services into the United Kingdom

Is the service provided within the United Kingdom?

13A.5.1 There is guidance for UK firms in SUP Appendix 3.6 on when a service is provided cross border. EEA firms may find this of interest although they should follow the guidance of their Home State regulators.

13A.5.2 An EEA firm (other than an EEA firm that received authorisation under article 18 of the auction regulation) should note that the requirement under the Single Market Directives to give a notice of intention to provide cross border services applies whether or not:

(1) it has established a branch in the United Kingdom; or

(2) those cross border services are regulated activities.

The conditions for providing cross border services into the United Kingdom

13A.5.3 (1) Before an EEA firm (other than an EEA firm that has received authorisation under article 18 of the auction regulation) exercises an EEA right to provide cross border services into the United Kingdom, the Act requires it to satisfy the service conditions, as set out in paragraph 14 of Part II of Schedule 3 to the Act.

(2) For the purposes of paragraph 14(1)(b) of Part II of Schedule 3 to the Act, the information to be contained in the regulator's notice has been prescribed under regulation 3 of the EEA Passport Rights Regulations and in the case of CRD, the information has been prescribed in the technical standards issued pursuant to and under Article 39 of the CRD.

(3) An EEA UCITS management company may not exercise an EEA right to provide collective portfolio management services for a UCITS scheme on a cross border services basis until approved by the FCA to do so (see SUP 13A.3.1G).

(4) An EEA firm that has received authorisation under article 18 of the auction regulation is not subject to the service conditions in its exercise of an EEA right under the auction regulation to provide services in the United Kingdom. The notification procedure in SUP 13A.5.4 G does not apply to it and it does not need to notify the FCA prior to providing services into the United Kingdom because there are presently no applicable provisions that apply in these
circumstances. Instead, its provision of these services is supervised by its Home State regulator.

### The notification procedure

13A.5.4 (1) Unless the EEA firm (other than an EEA firm that received authorisation under article 18 of the auction regulation) is passporting under the IDD, if the appropriate UK regulator receives a regulator’s notice or, where no notice is required, is informed of the EEA firm’s intention to provide cross border services into the United Kingdom, the appropriate UK regulator will, under paragraphs 14(2) and 14(3) of Part II of Schedule 3 to the Act, notify the EEA firm of the applicable provisions (if any) within two months of the day on which the appropriate UK regulator received the regulator’s notice or was informed of the EEA firm’s intention.

(1A) When the FCA receives a regulator’s notice from the EEA firm’s Home State regulator that the EEA firm intends to exercise its EEA right to provide cross border services under the IDD, it will, under paragraph 14(3AZA) of Part II to Schedule 3 to the Act:

(a) acknowledge receipt; and

(b) notify the EEA firm’s Home State regulator of the applicable provisions (if any).

(2) Although the appropriate UK regulator is not required to notify the applicable provisions to an EEA Firm passporting under MIFID or AIFMD these provisions are set out in SUP 13A Annex 1 (Application of the Handbook to Incoming EEA Firms).

13A.5.4-A When the FCA receives a consent notice from the EEA firm’s Home State regulator in respect of a firm within paragraph 5(i) of Part I of Schedule 3 to the Act, it will, under paragraph 14(3ZA), use the information received from the EEA firm’s Home State regulator to enter the necessary information into the Financial Services Register.

13A.5.4A Where the PRA receives a notice, it will give a copy to the FCA without delay and where the FCA receives a notice, it will give a copy to the PRA without delay, where relevant.

13A.5.5 An EEA firm (other than an EEA UCITS management company) that has satisfied the service conditions in paragraph 14 of Part II of Schedule 3 to the Act is entitled to start providing cross border services into the United Kingdom. In the case of an EEA UCITS management company, FCA approval must first be obtained, as explained in SUP 13A.5.3 G (see also SUP 13A.3.1C G). However, an EEA firm that wishes to start providing cross border services but has not yet received notification of the applicable provisions may wish to contact the authorisations team in the FCA or PRA, as appropriate (see SUP 13A.8.1G (2)).
13A.6 Which rules will an incoming EEA firm be subject to?

13A.6.1 (1) SUP 13A Annex 1 summarises how the Handbook applies to incoming EEA firms.

(2) SUP 13A Annex 2 summarises the matters that are reserved to a firm’s Home State regulator.

13A.6.2 An incoming EEA firm (other than an EEA pure reinsurer or an EEA firm that has received authorisation under article 18 of the auction regulation and only provides services in the United Kingdom) or incoming Treaty firm carrying on business in the United Kingdom must comply with the applicable provisions (see SUP 13A.4.4 G, SUP 13A.4.4-BG, SUP 13A.4.6 G, and SUP 13A.5.4 G) and other relevant UK legislation. For example where the business includes:

(1) business covered by the Consumer Credit Act 1974, then an incoming EEA firm or incoming Treaty firm must comply with the provisions of that Act; or

(2) effecting or carrying out contracts covering motor vehicle third party liability risks as part of direct insurance business, then an incoming EEA firm or incoming Treaty firm is required to become a member of the Motor Insurers’ Bureau.

13A.6.3 (1) In particular, an EEA firm (other than an EEA pure re-insurer) or Treaty firm must comply with the applicable provisions in SUP 10A and 10C (Approved persons). An EEA firm or Treaty firm should also refer to SUP 10A.1 and 10C.1 (Application) which sets out the territorial provisions of the approved persons regime.

(2) An EEA SMCR firm should also refer to SUP 10C (FCA senior managers regime for approved persons in SMCR firms).

13A.6.4 Under the EEA Passport Rights Regulations, references in section 60 of the Act (applications for approval for persons to perform controlled functions) to “the authorised person concerned” include:

(1) an EEA MiFID investment firm whose Home State regulator has given a consent notice under paragraph 13 of Schedule 3 to the Act (see SUP 13A.4.1G (1) and SUP 13A.4.2 G) or a regulator’s notice under paragraph 14 of that Schedule (see SUP 13A.5.3G (1)), and which will
be the *authorised person* concerned if the *EEA firm* qualifies for *authorisation* under that Schedule; and

(2) any other *EEA firm* with respect to which the *appropriate UK regulator* has received a consent notice or regulator’s notice under paragraph 13 of Schedule 3 to the *Act* (see [SUP 13A.4.1G (1)] and [SUP 13A.4.2 G]) or a regulator’s notice under paragraph 14 of that Schedule (see [SUP 13A.5.3G (1)]), and which will be the *authorised person* concerned if the *EEA firm* qualifies for *authorisation* under that Schedule.
13A.6A Enhanced supervision of EEA firms passporting under the IDD

13A.6A.1 (1) The split of responsibility (between Home and Host States) for ensuring compliance with IDD requirements is as follows.

(a) For incoming EEA branches:

(i) the Host State is responsible in relation to the obligations in Chapter V (Information requirements and conduct of business rules) and Chapter VI (Additional requirements in relation to insurance-based investment products) (see article 7(2) of the IDD); and

(ii) the Home State is responsible in relation to all other obligations.

(b) For EEA firms providing cross border services, the Home State is responsible in relation to all IDD obligations.

(2) However, under article 7(1) of the IDD, if an IDD insurance intermediary’s primary place of business is in a Host State, the Host and Home State regulators may agree that the Host State regulator will act as if it were the Home State regulator with regard to certain provisions. Those provisions are Chapters IV (Organisational requirements), V (Information requirements and conduct of business rules), VI (Additional requirements in relation to insurance-based investment products) and VII (Sanctions and other measures) of the IDD. This sort of Home and Host State regulator agreement is referred to as an Article 7(1) IDD Agreement.

13A.6A.2 Where the FCA is a Host State regulator it may enter into an article 7(1) IDD Agreement in respect of an incoming EEA firm. The FCA is given this power by section 203A of the Act subject to the conditions set out in that section. If the FCA enters into such an agreement, the EEA firm will be subject to enhanced supervision by the FCA to the extent specified in the agreement.
13A.7 Top-up permission

13A.7.1 If a person established in the EEA:

(1) does not have an EEA right;

(2) does not have permission as a UCITS qualifier; and

(3) does not have, or does not wish to exercise, a Treaty right (see ■ SUP 13A.3.4 G to ■ SUP 13A.3.11 G);

to carry on a particular regulated activity in the United Kingdom, it must seek Part 4A permission from the appropriate UK regulator to do so (see the appropriate UK regulator's website: www.fca.org.uk/firms/authorisation/apply-authorisation for the FCA and www.bankofengland.co.uk/pra/Pages/authorisations/newfirm/default.aspx for the PRA). This might arise if the activity itself is outside the scope of the Single Market Directives, or where the activity is included in the scope of a Single Market Directive but is not covered by the EEA firm’s Home State authorisation. If a person also qualifies for authorisation under Schedules 3, 4 or 5 to the Act as a result of its other activities, the Part 4A permission is referred to in the Handbook as a top-up permission.

13A.7.2 Where the appropriate UK regulator grants a top-up permission to an incoming EEA firm to carry on regulated activities for which it has neither an EEA right nor a Treaty right, the appropriate UK regulator is responsible for the prudential supervision of the incoming EEA firm, to the extent that the responsibility is not reserved to the incoming EEA firm’s Home State regulator.

13A.7.3 [deleted]

13A.7.4 For guidance on how to apply for Part 4A permission under the Act, see the appropriate UK regulator’s website: http://www.fca.org.uk/firms/about-authorisation/getting-authorised for the FCA and www.bankofengland.co.uk/pra/Pages/authorisations/newfirm/default.aspx for the PRA. If an EEA firm or Treaty firm wishes to make any subsequent changes to its top-up permission, it can make an application for variation of that permission (see ■ SUP 6 (Applications to vary and cancel Part 4A permission)).
13A.8 Sources of further information

13A.8.1 For further information on UK regulation, an EEA firm, a Treaty firm or a UCITS qualifier should contact the authorisations team in the FCA or PRA, if and when appropriate. To contact the FCA and/or PRA authorisations teams, please see the details provided on that regulator's website.
Application of the Handbook to Incoming EEA Firms

1. The table below summarises the application of the Handbook to an incoming EEA firm. Where the table indicates that a particular module of the Handbook may apply, its application in relation to any particular activity is dependent on the detailed application provisions in that module. The table does not apply to incoming ECA providers. These should refer to COBS Annex 3 Chapter 7 for guidance on how COBS applies to them. The table does not apply to EEA pure reinsurers or to an EEA firm in relation to its exercise of an EEA right under the auction regulation to provide services in the United Kingdom.

2. In some cases, the application of the Handbook depends on whether responsibility for a matter is reserved under an EU instrument to the incoming EEA firm’s Home State regulator. Guidance on the reservation of responsibility is contained in SUP 13A Annex 2 (Matters reserved to a Home State regulator). Guidance on the territorial application of MiFID is contained in PERG 13.6 and PERG 13.7 and SUP 13A Annex 2.

3. For an incoming EEA firm which has permission for cross-border services only, many parts of the Handbook apply only if the firm carries on regulated activities in the United Kingdom. Those parts of the Handbook will therefore not apply if the firm confines its activities to those within the overseas persons exclusions in article 72 of the Regulated Activities Order, or which would not be regarded as carried on in the United Kingdom. Further guidance may be found in PERG 2.4 (Link between activities and the United Kingdom) and PERG 2.9.17 G to PERG 2.9.17 G (Overseas persons).

4. An EEA firm that exercises an EEA right under the auction regulation to establish a branch in the United Kingdom to provide auction regulation bidding is subject to a limited set of requirements in the Handbook that apply to that activity. These are the rules listed in paragraph 2.6A of SYSC 1 Annex 1, GEN 4 and SUP (in particular, the money laundering reporting function in SUP 10A and requirements to notify the FCA). Aside from this note, the table does not apply to those firms.

5. An EEA firm that exercises an EEA right under MiFID to carry on MiFID business bidding is subject to the applicable provisions relating to its carrying on of MiFID business and any applicable EU regulations.

<table>
<thead>
<tr>
<th>(1) Module of Handbook</th>
<th>(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of the firm (or its appointed representative) in the United Kingdom</th>
<th>(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRIN</strong></td>
<td>The Principles apply only in so far as responsibility for the matter in question is not reserved by an EU instrument to the firm’s Home State regulator (PRIN 3.1.1 R (1)). For an incoming EEA firm which is a CRD credit institution without a top-up permission, Principle 4 does not apply.</td>
<td>The Principles do not apply if the firm has permission only for cross-border services and does not carry on regulated activities in the United Kingdom (PRIN 3.1.1 R (2)). The Principles have limited application for activities which are not carried on from a UK establishment (see PRIN 3.1.1 R). Otherwise, see column (2).</td>
</tr>
<tr>
<td><strong>SYSC</strong></td>
<td>SYSC 1 and SYSC 1 Annex 1 (Application of SYSC 2 and SYSC 3) contain application provisions only. SYSC 2 and SYSC 3 apply only to an insurer, a managing agent and the Societies set out in SYSC 1 Annex 1.1.1R, which include the following exceptions:</td>
<td>SYSC 2 and SYSC 3 do not apply if the firm has permission only for cross-border services and does not carry on regulated activities in the United Kingdom (SYSC 1 Annex 1.1.1 R). SYSC 2 and SYSC 3 have limited application for activities which are not carried on from a UK es-</td>
</tr>
</tbody>
</table>
(1) SYSC 2.1.1 R (1) and SYSC 2.1.2 G do not apply;

(2) SYSC 2.1.3 R to SYSC 2.2.3 G apply, but only in relation to allocation of the function in SYSC 2.1.3 R (2) and SYSC 2.1.3AR(2) and only in so far as responsibility for the matter in question is not reserved by an EU instrument to the firm’s Home State regulator; and

(3) SYSC 3 applies, but only in so far as responsibility for the matter in question is not reserved by an EU instrument to the firm’s Home State regulator. SYSC 1 Annex 1, Part 1, 1.8 R(Where?) further restricts the territorial application of SYSC 1 to SYSC 3 for an incoming EEA firm. Further guidance is contained in SYSC 2.1.6 G, Question 12. SYSC 18 applies to the extent that the Public Interest Disclosure Act 1998 applies to the firm.

The common platform requirements in SYSC 4 - 10 apply as set out in Part 2 of SYSC 1 Annex 1 (Application of the common platform requirement).

SYSC 1 Annex 1 row 2.6F provides that the common platform requirements do not apply to an incoming EEA AIFM branch, except the AIFMD Host State requirements and certain requirements regarding financial crime.

SYSC 1 Annex 1.2.7G reminds EEA MiFID investment firms that they must comply with the common platform record-keeping requirements in relation to a branch in the United Kingdom.

SYSC 1 Annex 1, Part 2, 2.7AG provides guidance on the application of the common platform requirements to the UK branch of an EEA UCITS management company.

SYSC 9 applies to activities carried on from an establishment in the United Kingdom, unless another applicable rule which is relevant to the activity has a wider territorial scope, in which case the common platform record-keeping requirements apply with that wider scope in relation to the activity described in that rule (SYSC 1 Annex 1.2.17 R).

SYSC 10A applies to an incoming EEA AIFM and an EEA MiFID investment firm.

Otherwise, see column (2).

The common platform requirements in SYSC 4 - SYSC 10 apply as set out in SYSC 1 Annex 1.2.2R.

SYSC 10A - SYSC 17 do not apply.

SYSC 18 applies.


SYSC 28 does not apply.

SYSC 23 to 27 do not apply.
SYSC 12 does not apply (SYSC 12.1.3 R).
SYSC 13 does not apply (SYSC 13.1.1 G).
SYSC 14 does not apply (SYSC 14.1.1 R).
SYSC 15 does not apply (SYSC 15.1.1 G).
SYSC 16 does not apply (SYSC 16.1.1 G).
SYSC 17 does not apply (SYSC 17.1.1 G).
SYSC 18 applies.

SYSC 19A, 19B, 19C and 19D do not apply.

SYSC 19F applies to a MiFID investment firm unless it is a UCITS investment firm or an AIFM investment firm.

SYSC 19F.2 applies to insurance distribution activities carried on from an establishment in the United Kingdom.

SYSC 28 does not apply.

SYSC 23 to 27 apply with the modifications described in those chapters.

**COCON**

COCON applies to employees of firms which are SMCR firms. See COCON 1.1 for detailed rules on the application of COCON.

**COND**

COND does not apply if the firm does not have, or apply for, a top-up permission.

Otherwise, the threshold conditions apply in a limited way

1) in the case of a top-up permission under Part 4A of the Act (that is, a permission to carry on regulated activities in addition to those permitted through its authorisation under Schedule 3 to the Act (EEA Passport Rights)); and

2) the exercise of the FCA’s powers under sections 55J and 55L of the Act in relation to the top-up permission. (COND 1.2.4 G)

**APER**

APER applies to approved persons of firms other than SMCR firms. See below under SUP 10A as to whether controlled functions are performed, and approval therefore required.

**FIT**

FIT applies to a firm wishing to establish a branch in the United Kingdom or to apply for a top-up permission in respect of any application that it makes for the approval of a person to perform a controlled function (FIT 1.1). See SUP 10A and SUP 10C below
as to whether such approval is required.

**FIT** applies in a limited way in relation to an incoming MiFID investment firm (see FIT 1.2.4A G).

### **GEN**

*GEN* applies (GEN 1.1, GEN 1.2, GEN 2.1, GEN 4.1, GEN 5.1 and GEN 6.1). However, (a) GEN 4 does not apply to the extent that the firm is subject to equivalent rules imposed by its Home State (GEN 4.1.1 R (3)), and (b) GEN 6 only applies to business that can be regulated under sections 137A and 137G of the Act (The FCA’s General rules) and (The PRA’s General rules), respectively. It does not therefore apply if, or to the extent that, responsibility has been reserved to an incoming firm’s Home State regulator by an EU instrument. Only GEN 4.5 applies in relation to MiFID or equivalent third country business (see GEN 4.1.1 R). The FCA has supervisory responsibility in respect of a branch of a MiFID investment firm under article 44(8) of the MiFID Org Regulation relating to the prohibition on using the name of a competent authority to suggest its endorsement of the firm’s products or services.

### **FEES**

Applies to the extent a firm is required to pay a fee in regards to carrying out any regulated activity in the UK. FEES 3.2.7R applies in relation to incoming data reporting services providers.

### **GENPRU**

Does not apply.

### **BIPRU**

**EEA firms** that are CAD investment firms are subject to the prudential standards of their home state regulator (BIPRU 1.1.7 R). However, BIPRU 12 applies to an EEA firm that is an IFPRU investment firm or BIPRU firm as respects the activities of its UK branch, but in relation to liquidity risk only.

### **IFPRU**

**EEA firms** that are investment firms (as defined in the EU CRR) are subject to the EU CRR as implemented by their home state regulator (IFPRU 1.1.5 R).

### **MIPRU**

MIPRU 1 (Application and general provisions) does not apply unless the firm has a top-up permission.

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**GEN 4** does not apply if the firm has permission only for cross-border services and does not carry on regulated activities in the United Kingdom (see GEN 4.1.1 R).

Otherwise, as column (2) except in relation to article 44(8) of the MiFID Org Regulation.
<table>
<thead>
<tr>
<th>MIPRU 2</th>
<th>MIPRU 2 (Responsibility for insurance distribution and MCD credit intermediation) does not apply unless the firm has a top-up permission.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIPRU 3</td>
<td>MIPRU 3 (Requirement to hold professional indemnity insurance) does not apply unless the firm has a top-up permission.</td>
</tr>
<tr>
<td>MIPRU 4</td>
<td>MIPRU 4 (Requirement to hold capital resources) does not apply unless the firm has a top-up permission.</td>
</tr>
<tr>
<td>MIPRU 5</td>
<td>MIPRU 5 (Insurance distributors and home finance providers using insurance distribution or home finance mediation services) does not apply unless the firm has a top-up permission.</td>
</tr>
<tr>
<td>INSPRU</td>
<td>INSPRU does not apply.</td>
</tr>
<tr>
<td>IPRU(FSOC)</td>
<td>Does not apply because an incoming EEA firm cannot be a friendly society (IPRU(FSOC) 1.1).</td>
</tr>
<tr>
<td>IPRU(INV)</td>
<td>IPRU(INV) does not apply unless the firm: (1) has a top-up permission; (2) is an authorised professional firm, investment management firm, members' adviser, personal investment firm, securities and futures firm, service company or underwriting agent; and (3) is not a lead regulated firm, a media firm or a BIPRU investment firm.</td>
</tr>
<tr>
<td>COBS</td>
<td>Guidance on the territorial application of COBS is contained in COBS 1 Annex 1 Part 3.</td>
</tr>
<tr>
<td>ICOBS</td>
<td>ICOBS applies except to the extent necessary to be compatible with European law. Guidance on the territorial application of ICOBS is contained in ICOBS 1 Annex 1 Part 4.</td>
</tr>
<tr>
<td>MCOB</td>
<td>Applies where the activity is carried on with or for a customer resident in the United Kingdom or another EEA State at the time that the activity is carried on, but see the territorial scope in MCOB 1.3.1AR and MCOB 1 Annex 5.</td>
</tr>
</tbody>
</table>
### SUP 13A : Qualifying for authorisation under the Act

<table>
<thead>
<tr>
<th>CASS</th>
<th>CASS does not apply with respect to the firm's passported activities unless the firm is an insurer (CASS 1.2.3 R (2)).</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAR</td>
<td>[deleted]</td>
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<td>[deleted]</td>
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<tr>
<td>[deleted]</td>
<td></td>
</tr>
<tr>
<td>MAR 4 (Endorsement of the Take-over Code)</td>
<td>Applies to firms whose permission includes, or ought to include, any designated investment business, except as set out in MAR 4.4.1 R.</td>
</tr>
<tr>
<td>MAR 5 (Multilateral Trading Facilities)</td>
<td>Does not apply (MAR 4.4.1 R (4)(b)).</td>
</tr>
<tr>
<td>MAR 8 (Benchmarks)</td>
<td>Applies only to firms whose top-up permission includes providing information in relation to a regulated benchmark.</td>
</tr>
<tr>
<td>MAR 10 (Commodity derivative position limits and controls, and position reporting)</td>
<td>Does not apply (MAR 5.1.1 R).</td>
</tr>
<tr>
<td>TC</td>
<td>TC applies, but only in so far as responsibility for any matter it covers is not reserved by an EU instrument to the firm's Home State regulator.</td>
</tr>
<tr>
<td>SUP 1A (The FCA's approach to supervision)</td>
<td>As column (2).</td>
</tr>
<tr>
<td>SUP 2 (Information gathering by the FCA or PRA on its own initiative)</td>
<td>As column (2).</td>
</tr>
<tr>
<td>SUP 3 (Auditors)</td>
<td>As column (2).</td>
</tr>
<tr>
<td>SUP 4 (Actuaries)</td>
<td>Does not apply.</td>
</tr>
<tr>
<td>SUP 5 (Skilled persons)</td>
<td>Does not apply.</td>
</tr>
</tbody>
</table>
SUP 13A: Qualifying for authorisation under the Act

Supplies only if the firm is required by the FCA or PRA to provide a report under section 166 of the Act (Reports by skilled persons).

SUP 6 (Applications to vary and cancel Part 4A permission)
Applies only if the firm has a top-up permission.

SUP 7 (Individual requirements)
Applies only if the firm has a top-up permission. It contains only guidance on the exercise of the FCA's powers under sections 55J and 55L of the Act. The FCA has similar, but more limited, powers of intervention under Part 13 of the Act in relation to the permission of the firm under Schedule 3 to the Act (see EG 8).

SUP 8 (Waiver and modification of rules)
Applies only if the firm wishes to apply for, or consent to, or has been given, a waiver of the appropriate regulator's rules (SUP 8.1.1 R).

SUP 9 (Individual guidance)
Applies only if the firm wishes to obtain individual guidance from the FCA or if the FCA gives the firm individual guidance on its own initiative (SUP 9.1.1 G).

SUP 10A (Approved persons)
Applies to an EEA firm that is not an SMCR firm, but the applicable controlled functions are limited. See SUP 10A.1 (Application) for more detailed guidance.

SUP 10B (Approved Persons)
Does not apply.

SUP 10C (FCA senior managers regime for approved persons in SMCR firms)
Applies to EEA SMCR firms, but the applicable controlled functions are limited. See SUP 10C.1 (Application) and SUP 10C Annex 1 (What functions apply to what type of firm) for more details of what functions apply.

SUP 11 (Controllers and close links)
Does not apply (SUP 11.1.1 R (2)).

SUP 12 (Appointed representatives)
Applies only if the firm has permission to carry on designated investment business, insurance distribution activity or mortgage mediation activi-
**SUP 13A: Qualifying for authorisation under the Act**

<table>
<thead>
<tr>
<th><strong>SUP 13 (Exercise of passport rights by UK firms)</strong></th>
<th><strong>SUP 13 (Exercise of passport rights by UK firms)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Does not apply.</td>
<td>Does not apply.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SUP 13A (Qualifying for authorisation under the Act)</strong></th>
<th><strong>SUP 13A (Qualifying for authorisation under the Act)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 13A applies to the firm if it:</td>
<td>As column (2).</td>
</tr>
<tr>
<td>(1) is considering carrying on activities in the United Kingdom which may fall within the scope of the Act and is seeking guidance on whether it needs a top-up permission; or</td>
<td></td>
</tr>
<tr>
<td>(2) is, or is considering, applying to the appropriate regulator to carry on regulated activities in the United Kingdom under a top-up permission; or</td>
<td></td>
</tr>
<tr>
<td>(3) is, or is considering, establishing a branch or providing cross-border services into the United Kingdom using EEA rights.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SUP 14 (Incoming EEA Firms: Changing detail and cancelling qualifications for authorisation)</strong></th>
<th><strong>SUP 14 (Incoming EEA Firms: Changing detail and cancelling qualifications for authorisation)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies.</td>
<td>Applies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SUP 15 (Notifications to the FCA or PRA)</strong></th>
<th><strong>SUP 15 (Notifications to the FCA or PRA)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies in full if the firm has a top-up permission. Otherwise, the application is modified as set out in SUP 15 Annex 1.</td>
<td>Does not apply if the firm has permission only for cross border services and does not carry on regulated activities in the United Kingdom (SUP 15 Annex 1). Otherwise, as column (2).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SUP 16 (Reporting requirements)</strong></th>
<th><strong>SUP 16 (Reporting requirements)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Parts of this chapter may apply if the firm has a top-up permission or if the firm is:</td>
<td>Parts of this chapter may apply if the firm has a top-up permission or if the firm is:</td>
</tr>
<tr>
<td>(a) a bank; or (b) an OPs firm; or (c) an OPs firm; or (e) an insurer with permission to effect or carry out life policies; or (f) a firm with permission to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme; or (g) a firm with permission to carry on MiFID business, advise on investments, arrange (bring about) deals in investments, make arrangements</td>
<td>(b) an OPs firm; or (d) an insurer with permission to effect or carry out life policies; or (e) a firm with permission to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme; or (f) a firm with permission to advise on investments, arrange (bring about) deals in investments, make arrangements with a view to transactions in investments, or arrange safeguarding and administration of assets.</td>
</tr>
</tbody>
</table>
with a view to transactions in investments, or arrange safeguarding and administration of assets.

(SUP 16.1)

**SUP 17 (Transaction reporting)**

A MiFID investment firm (other than a collective portfolio management investment firm) reports transactions executed wholly or partly through its branch to the competent authority of its Home State unless otherwise agreed by that competent authority and the FCA, in which case it will report to the FCA.

**SUP 17 (Transaction reporting)**

Does not apply.

**SUP 18 (Transfers of business)**

SUP 18.4 does not apply. SUP 18.1, SUP 18.2 and SUP 18.3 may be relevant if the firm proposes to transfer the whole or part of its business by an insurance business transfer scheme or to accept such a transfer or proposes to accept certain transfers of insurance business taking place outside the United Kingdom.

**SUP 18 (Transfers of business)**

As column (2).

**SUP App 2 (Insurers: Scheme of operations)**

Does not apply (SUP App 2.1.1 R).

**SUP App 2 (Insurers: Scheme of operations)**

Does not apply (SUP App 2.1.1 R).

**PROD**

Applies in respect of the rules which implement article 24(2) MiFID and articles 9 and 10 of the MiFID Delegated Directive in relation to the activities of a branch within the territory of the UK.

**PROD**

Does not apply.

**DEPP**

DEPP applies and contains a description of the FCA’s procedures for taking statutory notice decisions, the FCA’s policy on the imposition and amount of penalties and the conduct of interviews to which a direction under section 169(7) of the Act has been given or the FCA is considering giving.

**DEPP**

DEPP applies and contains a description of the FCA’s procedures for taking statutory notice decisions, the FCA’s policy on the imposition and amount of penalties and the conduct of interviews to which a direction under section 169(7) of the Act has been given or the FCA is considering giving.

**DISP**

Generally applies (DISP 1.1.1 G).

In relation to MiFID business carried on from the branch of an EEA firm, the provisions in DISP relating to MiFID complaints generally apply (subject to some limitations, see DISP 1.1A.7R), as do the directly applicable

**DISP**

Generally does not apply (DISP 1.1.1 G).

However, DISP applies (subject to some limitations, see DISP 1.1.3 R and DISP 1.1.5 R) to:

(a) an incoming EEA firm which is a UCITS management company managing a UCITS scheme; or
provisions of the MiFID Org Regulation relating to complaints handling.

For an incoming EEA AIFM branch DISP applies (subject to some limitations, see DISP 1.1.3 R), except for an incoming EEA AIFM branch of an AIF that is a body corporate (and not a collective investment scheme), including where the body corporate is an ELTIF when DISP does not apply.

COMP

Applies, except in relation to the passported activities of a MiFID investment firm, an IDD insurance intermediary, a UCITS management company carrying on non-core services under article 6.3 of the UCITS Directive, an MCD mortgage credit intermediary and an incoming AIFM carrying on either AIFM management functions for an unauthorised AIF or non-core services under article 6.4 of AIFMD (see the definition of "participant firm"). However, a firm specified above may be able to apply for top-up cover in relation to its passported activities (see COMP 14 (Participation by EEA Firms)).

Does not apply in relation to the passported activities of a MiFID investment firm, an IDD insurance intermediary, an MCD mortgage credit intermediary or a UCITS management company carrying on non-core services under article 6.3 of the UCITS Directive or an incoming EEA AIFM regarding AIFM management functions carried on for an unauthorised AIF or non-core services under article 6.4. Applies in relation to the passported activities of a UCITS management company in relation to the management of a UCITS scheme and of an AIFM in relation to the management of an authorised AIF. Otherwise, COMP may apply, but the coverage of the compensation scheme is limited for non-UK activities (see COMP 5).

COLL

A. The following provisions of COLL apply to an EEA UCITS management company providing collective portfolio management services for a UCITS scheme:

(a) COLL 6.6A.2 R (Duties of AFMs of UCITS schemes and EEA UCITS schemes to act in the best interests of the scheme and its Unitholders);

(b) COLL 6.6A.4 R (Due diligence requirements of AFMs of UCITS schemes and EEA UCITS schemes);

(c) COLL 6.6A.5 R (Compliance with the regulatory requirements applicable to the conduct of business activities of a UCITS management company);

(d) COLL 12.3.4 R (Provision of documentation to the FSA: EEA UCITS management companies);

(e) the fund application rules (see COLL 12.3.5 R (COLL fund rules under the management company passport: the fund application rules));

(f) COLL 12.3.6 R (Requirement to make information available to the public or the FSA);

(b) an AIFM managing an authorised AIF or a UK ELTIF other than a body corporate that is not a collective investment scheme.
### SUP 13A: Qualifying for Annex 1

Authorisation under the Act

- (g) COLL 12.3.7 G (EEA UCITS management companies: compliance with FSA rules); and
- (h) COLL 12.3.8 G (EEA UCITS management companies: conduct of business rules).

An EEA UCITS management company providing collective portfolio management services for a UCITS scheme should be aware that it will be expected to comply with the above rules in relation to all aspects of the functioning of the relevant UCITS scheme where, for example, the firm:

1. (a) [deleted]
2. (b) wishes to apply for an authorisation order to establish an AUT, ACS or ICVCs a UCITS scheme; or
3. (ba) is the management company of a UCITS scheme that wishes to exercise an EEA right to market its units in another EEA State; or
4. (c) is the operator of a recognised scheme.

**B. Subject to FUND 1.1.2 R**, COLL applies to an incoming EEA AIFM as relevant.

<table>
<thead>
<tr>
<th>Column</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND</td>
<td>FUND 3.8 (Prime brokerage firms) applies to an incoming EEA AIFM branch. Does not apply, except FUND 10 (Operating on a cross-border basis) which provides guidance for an EEA AIFM managing an AIF on a services basis or marketing an AIF using the marketing passport under AIFMD.</td>
</tr>
<tr>
<td>CREDS</td>
<td>Does not apply.</td>
</tr>
<tr>
<td>PROF</td>
<td>PROF applies only if the firm is an authorised professional firm. As column (2).</td>
</tr>
<tr>
<td>REC</td>
<td>Does not apply.</td>
</tr>
<tr>
<td>CONC</td>
<td>CONC applies except to the extent necessary to be compatible with European law. As column (2)</td>
</tr>
<tr>
<td>[FCA]</td>
<td>Provisions on the territorial application of CONC are contained in CONC 1.2.5 R and CONC 1.2.6 R</td>
</tr>
<tr>
<td>LR</td>
<td>LR (Listing Rules) May apply if the firm is applying for listing in the United Kingdom, is a listed issuer in the United Kingdom, is a sponsor or is applying for approval as a sponsor. LR (Listing Rules) As column (2).</td>
</tr>
<tr>
<td>PRR</td>
<td>PRR (Prospectus Regulation Rules) May apply if the firm makes an offer of transferable securities to the public in the United Kingdom or is seek-</td>
</tr>
</tbody>
</table>
SUP 13A : Qualifying for authorisation under the Act

### DTR

**DTR (Disclosure Guidance and Transparency Rules)**

May apply if the **firm** is an **issuer**, any class of whose **financial instruments** have been **admitted to trading** on a **regulated market**, or are the subject of an application for **admission to trading** on a **regulated market**, other than **issuers** who have not requested or approved admission of their **financial instruments** to trading on a **regulated market**.

### EG

**EG** describes the FCA’s approach to exercising the main **enforcement powers** given to it by **FSMA** and by other legislation. **EG** is a Regulatory **Guide** and as such does not form part of the Handbook.

### CONRED

Applies to a **firm** which made a **personal recommendation** in relation to an Arch cru fund, after which a **consumer** made an investment in the Arch cru fund, and to which the suitability requirements (specified at paragraph 5.1R of the instructions in CONRED 2 Annex 13) applied (CONRED 2.1.1R).

### Notes to Annex 1

**Note 1:**

**PRA-authorised persons** should also refer to the relevant parts of the **PRA Rulebook**.

**Note 2:** The effect of article 35(1) and 35(8) of **MiFID** (when read with article 1(3) of **MiFID**) is that if an **EEA MiFID investment firm** establishes a **branch** in the **UK** exercising an **EEA right** under **MiFID** or **CRD**, the FCA has supervisory responsibility for the services and activities provided or performed by the **branch** within the **UK** in relation to the **rules** implementing articles 24, 25, 27 and 28 of **MiFID**.
Matters reserved to a Home State regulator

Introduction

1. The application of certain provisions in the Handbook to an incoming EEA firm or incoming Treaty firm depends on whether responsibility for the matter in question is reserved to the firm's Home State regulator. This annex contains guidance designed to assist such firms in understanding the application of those provisions. This annex is not concerned with the FCA or the PRA's rights to take enforcement action against an incoming EEA firm or an incoming Treaty firm, which, in the case of the FCA, are covered in the Enforcement Guide (EG), or with the position of a firm with a top-up permission.

Requirements in the interest of the general good

2. The Single Market Directives, and the Treaty (as interpreted by the European Court of Justice) adopt broadly similar approaches to reserving responsibility to the Home State regulator. To summarise, the FCA or PRA, as Host State regulator, is entitled to impose requirements with respect to activities carried on within the United Kingdom if these can be justified in the interests of the "general good" and are imposed in a non-discriminatory way. This general proposition is subject to the following in relation to activities passported under the Single Market Directives:

(1) the Single Market Directives expressly reserve responsibility for the prudential supervision of a MiFID investment firm, CRD credit institution, UCITS management company AIFM or passporting Solvency II firm to the Firm's Home State regulator in respect of prudential matters within the scope of the respective Single Market Directives. The IDD and the MCD reach the same position without expressly referring to the concept of prudential supervision. Accordingly, the FCA, as Host State regulator, is entitled to regulate only the conduct of the firm's business (in the case of the IDD, business conducted through a branch) within the United Kingdom;

(2) there is no explicit "general good" provision in MiFID or AIFMD. Rather, the responsibilities for a Host State regulator under MiFID are contained in paragraphs 8 to 10 and under AIFMD are contained in paragraphs 11G to 11J;

(3) [deleted]

(4) for a MiFID investment firm including a CRD credit institution which is a MiFID investment firm), the protection of clients' money and clients' assets is reserved to the Home State regulator under MiFID; and

(5) responsibility for participation in compensation schemes for CRD credit institutions and MiFID investment firm is reserved in most cases to the Home State regulator under the Deposit Guarantee Directive and the Investor Compensation Directive.

3. It is necessary to refer to the case law of the European Court of Justice to interpret the concept of the "general good". To summarise, to satisfy the general good test, Host State rules must come within a field which has not been harmonised at EU level, satisfy the general requirements that they pursue an objective of the general good, be non-discriminatory, be objectively necessary, be proportionate to the objective pursued and not already be safeguarded by rules to which the firm is subject in its Home State.

Application of SYSC 2 and SYSC 3

4. SYSC 2 and SYSC 3 only apply to an insurer, a managing agent and the Society. See paragraph 8 below for a discussion of how the common platform requirements apply. SYSC 2.1.1 R and SYSC 2.1.2 G do not apply for a relevant incoming Treaty firm. The FCA considers that it is entitled, in the interests of the general good, to impose the requirements in SYSC 2.1.3 R to SYSC 2.2.3 G (in relation to the allocation of the function in SYSC 2.1.3 R (2)) and...
SUP 13A : Qualifying for authorisation under the Act

SYSC 3 on an incoming EEA firm and an incoming Treaty firm; but only in so far as they relate to those categories of matter responsibility for which is not reserved to the firm’s Home State regulator.

5. Should the FCA or PRA become aware of anything relating to an incoming EEA firm or incoming Treaty firm (whether or not not relevant to a matter for which responsibility is reserved to the Home State regulator), the PRA or FCA may disclose it to the Home State regulator in accordance with any directive and the applicable restrictions in Part 23 of the Act (Public Record, Disclosure of Information and Co-operation).

6. This Annex represents the FCA’s views, but a firm is also advised to consult the relevant EU instrument and, where necessary, seek legal advice. The views of the European Commission in the banking and insurance sectors are contained in two Commission Interpretative Communications (Nos. 97/C209/04 and C(1999)5046).

7. [deleted]

Application of the common platform requirements in SYSC to EEA MiFID investment firms

8. Whilst the common platform requirements (located in SYSC 4 - SYSC 10) do not generally apply to incoming EEA firms (but for EEA UCITS management companies, see 8A below), EEA MiFID investment firms must comply with the common platform record-keeping requirements in relation to a branch in the United Kingdom and SYSC 10A (Recording telephone communications and electronic communications).

Application of SYSC to EEA UCITS management companies

8A. SYSC 1 Annex 1 (Detailed application of SYSC), Part 2, 2.7AG provides guidance on the application of the common platform requirements to the UK branch of an EEA UCITS management company.

Requirements under MiFID

9. Article 34(1) of MiFID prohibits Member States from imposing additional requirements on a MiFID investment firm in relation to matters covered by MiFID if the firm is providing services on a cross-border basis. Such firms will be supervised by their Home State regulator.

10. Article 35(8) of MiFID requires the FCA as the Host State regulator to apply certain obligations to an incoming EEA firm with an establishment in the UK. In summary, these are articles:

(1) 24 of MiFID (General principles and information to clients);
(1A) 25 of MiFID (Assessment of suitability and appropriateness and reporting to clients);
(2) 27 of MiFID (execution of orders on terms most favourable to the client);
(3) 28 of MiFID (client order handling rules);

and

In addition, the FCA assumes responsibility for supervision of articles 14 to 26 of MiFIR although article 14 of RTS 22 permits a firm to report transactions executed wholly or partly through its branch to the competent authority of its Home State unless otherwise agreed by that competent authority and the FCA. The remaining obligations under MiFID and MiFIR are reserved to the Home State regulator other than requirements in MAR 10.2 in relation to commodity derivative position limits.

11. MiFID is more highly harmonising than other Single Market Directives. Article 4 of Directive 2006/73 permitted Member States to impose additional requirements only where certain tests were met. The FSA made certain requirements that fell within the scope of Article 4, some of which have been retained by the FCA, for example in COBS. MiFID retains an ability for Member States to impose additional requirements in the areas of client assets and investor protection. The FCA has made some further requirements which fall within the scope of these provisions. These requirements apply to an EEA MiFID investment firm with an establishment in the United Kingdom as they apply to a UK MiFID investment firm, in the circumstances contemplated by article 35(8) MiFID.

Requirements under the UCITS Directive

11A Article 19(8) of the UCITS Directive prohibits an EEA State from imposing additional re
requirements on a management company providing collective portfolio management services for a UCITS in its territory on a cross-border basis by establishing a branch or under the freedom to provide cross border services in respect of the subject matter of the UCITS Directive, except in the cases expressly permitted (see 11C below).

A management company which provides collective portfolio management services on a cross-border basis by establishing a branch in another EEA State or under the freedom to provide services must comply with the rules of the UCITS Home State which relate to the constitution and functioning of the UCITS. Where the UCITS Home State is the United Kingdom, the applicable rules that the EEA UCITS management company must comply with are as follows:

1. COLL 12.3.4 R (Provision of documentation to the FCA: EEA UCITS management companies);
2. the fund application rules (see COLL 12.3.5 R (COLL fund rules under the management company passport: the fund application rules)); and
3. COLL 12.3.6 R (Requirement to make information available to the public or the FCA).

A management company, however, which provides collective portfolio management services from a branch in another EEA State, is obliged under article 17(4) to comply with the applicable rules of the Host State regulator drawn up under article 14(1) that require a management company to:

1. act honestly and fairly in conducting its business activities in the best interests of the UCITS it manages and the integrity of the market;
2. act with due skill, care and diligence, in the best interests of the UCITS it manages and the integrity of the market;
3. have and employ effectively the resources and procedures that are necessary for the proper performance of its business activities;
4. try to avoid conflicts of interests and, when they cannot be avoided, to ensure that the UCITS it manages is fairly treated; and
5. comply with all regulatory requirements applicable to the conduct of its business activities so as to promote the best interests of its investors and the integrity of the market.

The rules implementing the requirements set out in paragraph 11C (1) to (5) are as follows:

1. SYSC, to the extent indicated in column A+ (Application to management company) of Part 3 of SYSC 1 Annex 1 (Detailed application of SYSC); and
2. COBS, to the extent indicated at paragraph 9.1 of Part 3 of COBS 1 Annex 1 (Application).
3. COLL 6.6A.2 R (Duties of AFMs of UCITS schemes and EEA UCITS schemes to act in the best interests of the scheme and its Unitholders) (branch only);
4. COLL 6.6A.4 R (Due diligence requirements of AFMs of UCITS schemes and EEA UCITS schemes) (branch only); and
5. COLL 6.6A.5 R (Compliance with the regulatory requirements applicable to the conduct of business activities of a UCITS management company) (branch only).

Territorial application of the Handbook

Where an incoming EEA firm exercises an EEA right under the auction regulation to provide services or establish a branch in the United Kingdom, it is carrying on auction regulation bidding. Authorisation and supervision of a firm under the auction regulation are almost exclusively matters reserved to the Home State regulator. The only requirements which the FCA has applied as Host State regulator under the auction regulation in respect of auction regulation bidding is on a UK branch in relation to safeguards against money laundering and financial crime as well as a statutory status disclosure obligation and requirements to notify the FCA (see Note 4 of SUP 13A Annex 1 G).
11F **An incoming EEA firm** that carries on MiFID business bidding is exercising an EEA right under MiFID and is subject to the applicable provisions relating to its carrying on of MiFID business. The respective responsibilities of the Home State regulator and Host State regulator are the same as under MiFID.

Requirements under AIFMD

11G Article 33(5) of AIFMD prohibits Host States from imposing additional requirements on an AIFM to matters covered by AIFMD if the firm is managing an AIF on a cross-border basis by establishing a branch or providing cross-border services to manage an AIF in that EEA State, except as expressly permitted (see 11H below).

11H Under article 45(2) (Responsibility of competent authorities in Member States) of AIFMD, the supervision of an AIFM’s compliance with articles 12 (General principles) and 14 (Conflicts of interest) are the responsibility of the Host State of the AIFM where the AIFM manages and/or markets an AIF through a branch in that EEA State.

11I As a result, an incoming EEA AIFM branch is required to comply with the AIFMD Host State requirements (as set out below):

- (a) FUND 3.8;
- (b) SYSC 4.1.2C R;
- (c) SYSC 10.1.22 R to SYSC 10.1.26 R; and
- (d) COBS 2.1.4 R.

11J Under article 32(5) of AIFMD, arrangements in point (h) of Annex IV of AIFMD for the marketing of AIFs is subject to the laws and supervision of the Host State of the AIFM.

11K A full-scope EEA AIFM that is marketing an AIF in the UK using the marketing passport should have regard to the financial promotions regime, as explained in PERG 8.37.5G (2) (Communications with investors in relation to draft documentation).

Requirements under the MCD

11L Under article 34(2) of the MCD, ensuring compliance with the obligations in articles 7(1), 8, 9, 10, 11, 13, 14, 15, 16, 17, 20, 22 and 39 of the MCD by incoming EEA branches is the responsibility of the Home State. Responsibilities for ensuring compliance with all other obligations are the responsibility of the Host State.

11M Ensuring compliance with the obligations in the MCD by EEA firms providing cross border services is the responsibility of the Home State.

Requirements under the IDD

11N Under article 7(2) of the IDD, ensuring compliance with the obligations in Chapter V (articles 17 – 25) and Chapter VI (articles 27 – 30) of the IDD by incoming EEA branches is the responsibility of the Home State. Subject to article 7(1) (see 11P below), ensuring compliance with all other obligations is the responsibility of the Home State.

11O Subject to article 7(1) (see 11P below), ensuring compliance with the obligations in the IDD by EEA firms providing cross border services is the responsibility of the Home State.

11P Under article 7(1) of the IDD, if an IDD insurance intermediary’s primary place of business is in a Host State, the Home and Host State regulators may agree that the Host State regulator will act as if it were the Home State regulator. This is only with regard to the provisions of Chapters IV, V, VI and VII of the IDD (see guidance in SUP 13A.6A).

12. [deleted]

13. Examples of how SYSC 3 and/or the common platform provisions apply in practice.

   (1) The Prudential Standards part of the Handbook do not apply to an insurer which is an incoming EEA firm. Similarly, SYSC 3 does not require such a firm:

   (a) to establish systems and controls in relation to financial resources (SYSC 3.1.1 R); or

   (b) to establish systems and controls for compliance with that Prudential Standards part of the Handbook (SYSC 3.2.6 R); or
(c) to make and retain records in relation to financial resources (SYSC 3.2.20 R and SYSC 9.1.1 R to 9.1.4 G).

(2) The Conduct of Business sourcebook (COBS) applies to an incoming EEA firm. Similarly, SYSC 3 and SYSC 4-10 do require such a firm, to the extent provided by SYSC 1 Annex 1:

(a) to establish systems and controls in relation to those aspects of the conduct of its business covered by applicable sections of COBS (SYSC 3.1.1 R and SYSC 4.1.1 R);

(b) to establish systems and controls for compliance with the applicable sections of COBS (SYSC 3.2.6 R and SYSC 6.1.1 R); and

(c) to make and retain records in relation to those aspects of the conduct of its business (SYSC 3.2.20 R and SYSC 9.1.1 R to 9.1.4 G).

See also Question 12 in SYSC 2.1.6 G for guidance on the application of SYSC 2.1.3 R (2)
EEA UCITS management companies: application for approval to manage a UCITS scheme established in the United Kingdom

Under [paragraph 15A(1)] of Part II of Schedule 3 to the Act, an EEA UCITS management company intending to exercise an EEA right to provide collective portfolio management services for a UCITS scheme must, before it undertakes that activity, obtain the FCA’s approval to manage that UCITS scheme. Firms should use the application form below for this purpose. Firms may cross refer to other sources where the information has already been provided to the FCA.

### Application by an EEA UCITS management company to manage one or more UCITS schemes established in the United Kingdom [paragraph 15A(1)] of Part II of Schedule 3 to the Financial Services and Markets Act 2000.

<table>
<thead>
<tr>
<th><strong>Name and registered address of management company:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contact details for the person submitting the application (including telephone number and email address):</strong></td>
<td></td>
</tr>
<tr>
<td><strong>EEA State in which management company is authorised:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Details of competent authority providing authorisation of the management company:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Set out details of the scope of authorisation of the management company including the type of funds for which authorisation to manage has been obtained and any limitations that apply to the authorisation:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Name of each UCITS scheme to which this application for approval relates:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Is the management company authorised to manage the type of UCITS scheme to which this approval relates? If not provide details:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Has the management company submitted the information required by COLL 12.3.4 R (Provision of documentation to the FCA: EEA UCITS management companies), including the depositary agreements and information on delegation arrangements? Provide details:</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Signed by:**

**Title:**

**Dated:**

When completed send this form to:

Investment Funds Team

The Financial Conduct Authority

12 Endeavour Square

London
E20 1JN.

Or electronically to: recognisedcis@fca.org.uk
Passporting: Emissions Trading. Notice of intention to exercise the right of establishment in the United Kingdom

This annex consists of only one or more forms. Forms can be completed online now by visiting [www.fca.org.uk](http://www.fca.org.uk)

The forms are also to be found through the following address: Passporting: Emissions Trading. Notice of intention to exercise the right of establishment in the United Kingdom - [SUP 13A Annex 4 R](http://www.fca.org.uk)
Supervision

Chapter 14

Incoming EEA firms changing details, and cancelling qualification for authorisation
14.1 Application and purpose

Application

This chapter applies to an incoming EEA firm which has established a branch in, or is providing cross border services into, the United Kingdom under one of the Single Market Directives or the auction regulation and, therefore, qualifies for authorisation under Schedule 3 to the Act. The chapter does not apply to an EEA firm that is a Solvency II firm or to Gibraltar firms treated as such Solvency II firms. Solvency II firms and such Gibraltar firms should consult the relevant parts of the PRA Rulebook and the PRA website at: http://www.bankofengland.co.uk/pra/Pages/authorisations/passporting/notifying.aspx as the PRA is the appropriate UK regulator.

14.1A

The guidance in SUP 14.2 and SUP 14.3 covers the EEA Passport Rights Regulations. It is not, however, relevant to an EEA firm exercising an EEA right under the auction regulation, except for SUP 14.2.14 R which applies a separate notification requirement. Additionally, where an EEA firm is carrying on MiFID business bidding, that firm is exercising an EEA right under MiFID and so this chapter applies to that activity because it is MiFID business.

14.2

SUP 14.6 (Cancelling qualification for authorisation), which sets out how to cancel qualification for authorisation under the Act, also applies to:

(1) an incoming Treaty firm that qualifies for authorisation under Schedule 4 to the Act; and

(2) a UCITS qualifier that is an authorised person under Schedule 5 to the Act; a UCITS qualifier should, however, refer to COLLG 3.1.11 G for full details of applicable rules and guidance.

14.3

(1) Under the Gibraltar Order made under section 409 of the Act, a Gibraltar firm is treated as an EEA firm under Schedule 3 to the Act if it is:

(a) [deleted]

(aa) [deleted]

(b) authorised in Gibraltar under the CRD; or;

(c) authorised in Gibraltar under the IDD; or

(d) authorised in Gibraltar under MiFID; or

(e) authorised in Gibraltar under the UCITS Directive; or
(f) authorised in Gibraltar under AIFMD.

(g) authorised in Gibraltar under the MCD

(1A) Similarly, an EEA firm which:

(a) has satisfied the Gibraltar establishment conditions and has established a branch in the UK; or

(b) has satisfied the Gibraltar service conditions and is providing cross border services into the UK;

is treated as having satisfied the establishment conditions or service conditions (as appropriate) under Schedule 3 to the Act.

(2) Credit institutions, insurance intermediaries, investment firms, management companies, AIFMs and MCD credit intermediaries are allowed to passport their services into the United Kingdom if they comply with the relevant notification procedures. So, any references in ☐ SUP 14 to EEA State or EEA right include references to Gibraltar and the entitlement under the Gibraltar Order where appropriate.

### Purpose

14.4 This chapter gives guidance on the Act and the EEA Passport Rights Regulations made under the Act, for an incoming EEA firm which has established a branch in, or is providing cross border services into, the United Kingdom and wishes to change the details of the branch or cross border services.

[Note: An EEA bank is required to comply with the requirements set out in the directly applicable regulations adopted under Articles 35, 36 and 39 CRD.]

14.5 This chapter also explains how an incoming EEA firm, an incoming Treaty firm or a UCITS qualifier may cancel its qualification for authorisation under the Act.

14.6 This chapter does not, however, give guidance on the procedures for the establishment of a branch in, or the providing of cross border services into, the United Kingdom for the first time. So, an incoming EEA firm that wishes to change or supplement the nature of its operations in the United Kingdom from the providing of cross border services to the establishment of a branch (or vice versa) should refer to ☐ SUP 13A (Qualifying for authorisation under the Act).

14.7 In addition, the chapter does not give guidance on the procedures for making an application for top-up permission, to carry on regulated activities in the United Kingdom which are outside the scope of the Single Market Directives and for which the firm cannot exercise Treaty rights. Incoming EEA firms seeking a top-up permission should refer to ☐ SUP 13A.

14.8 The FCA and PRA will share with each other relevant information received, as necessary, in order to perform their respective functions.
14.2 Changes to branch details

14.2.1 Where an incoming EEA firm is exercising an EEA right and has established a branch in the United Kingdom, the EEA Passport Rights Regulations govern any changes to the details of that branch. Where an incoming EEA firm has complied with the relevant requirements in the EEA Passport Rights Regulations, then the firm’s permission given under Schedule 3 to the Act is to be treated as varied accordingly. All references to regulations in SUP 14 are to the EEA Passport Rights Regulations.

Firms passporting under the CRD and the UCITS Directive

14.2.2 (1) Where an incoming EEA firm passporting under the CRD or the UCITS Directive has established a branch in the United Kingdom, regulation 4 states that it must not make a change in the requisite details of the branch unless it has complied with the relevant requirements.

(2) The relevant requirements are set out in regulation 4(4) or, where the change arises from circumstances beyond the incoming EEA firm’s control, in regulation 4(5) (see SUP 14.2.8 G).

14.2.3 Where the change arises from circumstances within the control of the incoming EEA firm, the requirements in regulation 4(4) are that:

(1) the incoming EEA firm has given notice to the appropriate UK regulator (see SUP 14.4.1 G) and to its Home State regulator stating the details of the proposed change;

(2) the appropriate UK regulator has received a notice stating those details; and

(3) either:

(a) the appropriate UK regulator has informed the firm that it may make the change; or

(b) the period of one month beginning with the date on which the incoming EEA firm gave the appropriate UK regulator the notice mentioned in (1) has elapsed.

14.2.4 Changes to the requisite details may lead to changes to the applicable provisions to which the incoming EEA firm is subject. The appropriate UK regulator will, as soon as practicable after receiving a notice in SUP 14.2.3 G
or SUP 14.2.8 G, inform the incoming EEA firm of any consequential changes in the applicable provisions (regulation 4(6)).

Changes arising from circumstances beyond the control of an incoming EEA firm passporting under the CRD or UCITS Directive

14.2.8 G If the change arises from circumstances beyond the incoming EEA firm’s control, the firm is required by regulation 4(5) (see SUP 14.2.2 G) or regulation 6(5) (see SUP 14.2.5 G (2)) to give a notice to the appropriate UK regulator (see SUP 14.4.1 G) and to its Home State regulator stating the details of the change as soon as reasonably practicable.

14.2.9 G The appropriate UK regulator believes that for a change to arise from circumstances beyond the control of an incoming EEA firm, the circumstances should be outside the control of the firm as a whole and not just its UK branch. For example, the appropriate UK regulator considers that this provision would be unlikely to apply to circumstances in which lack of planning at the incoming EEA firm’s head office resulted in a problem arising in a UK branch which was outside its control. In practice, therefore, use of this provision is likely to be rare.

Firms passporting under MiFID

14.2.10 G Where an EEA MiFID investment firm has established a branch in the UK, regulation 4A states that it must not:

(1) make a change in the requisite details of the branch; or

(2) use, for the first time, any tied agent established in the United Kingdom; or

(3) cease to use tied agents established in the United Kingdom;

unless it has complied with the relevant requirements in regulation 4A(3).

14.2.11 G The relevant requirements in regulation 4A(3) are that:

(1) the EEA MiFID investment firm has given notice to its Home State regulator stating the details of the proposed change; and

(2) the period of one month beginning with the date on which the EEA MiFID investment firm gave the notice mentioned in (1) has elapsed.

14.2.12 G Changes to the requisite details may lead to changes to the applicable provisions to which the EEA MiFID investment firm is subject. The appropriate UK regulator will, as soon as practicable after receiving a notice in SUP 14.2.11 G inform the EEA MiFID investment firm of any consequential changes in the applicable provisions.

14.2.13 G SUP 14.2.10 G does not apply to a change occasioned by circumstances beyond the incoming EEA firm’s control.
SUP 14 : Incoming EEA firms
changing details, and cancelling
qualification for authorisation

Section 14.2 : Changes to branch details

14.2.14 **Firms passporting under the auction regulation**

An EEA firm that is exercising an EEA right to provide auction regulation bidding from a branch in the United Kingdom must notify the FSA of any change to the information submitted under SUP 13A.4.5 R by email to emissiontrading@fsa.gov.uk prior to the change or whenever possible thereafter.

14.2.15 **Firms passporting under AIFMD**

Where an EEA AIFM has established a branch in the UK, it must not make a material change to:

1. the requisite details of the branch; or
2. the identity of the AIFs that the EEA AIFM intends to manage;

unless it has complied with the relevant requirement in regulation 7A(3).

14.2.16 The relevant requirement in regulation 7A(3) is that the Home State regulator has informed the FCA that it has approved the proposed change.

14.2.17 **Firms passporting under the MCD**

As required by regulation 7B(1), where an incoming EEA firm passporting under the MCD has established a branch in the UK, it must not make a material change to any of the matters referred to in regulation 2(8)(b) to (e) or regulation 3(6)(b) to (e), unless it has complied with the relevant requirements.

14.2.18 The relevant requirements are set out in regulation 7B(4) or, where the change arises from circumstances beyond the incoming EEA firm’s control, regulation 7B(5).

14.2.19 The relevant requirements in regulation 7B(4) are that:

1. the incoming EEA firm has given a notice to the FCA and its home state regulator stating the details of the proposed changes; and
2. either:
   (a) the FCA has informed the incoming EEA firm that it may make the change; or
   (b) a period of one month has elapsed beginning with the day on which the incoming EEA firm gave the notice under (1).

14.2.20 Where the change arises from circumstances beyond the incoming EEA firm’s control, the incoming EEA firm is required by regulation 7B(5) to give notice to the FCA and to its Home State regulator stating the details of the change, as soon as reasonably practicable.
The FCA believes that, for a change to arise from circumstances beyond the control of an incoming EEA firm, the circumstances should be outside the control of the incoming EEA firm as a whole and not just its UK branch. For example, the FCA considers that this provision would be unlikely to apply to circumstances in which lack of planning at the incoming EEA firm’s head office resulted in a problem arising in a UK branch. In practice, therefore, use of this provision is likely to be rare.

Firms passporting under the IDD

As required by regulation 7C(1), where an incoming EEA firm passporting under the IDD has established a branch in the UK, it must not make a material change to any of the matters referred to regulation 2(9) unless it has complied with the relevant requirements in regulation 7C(4).

The relevant requirements in regulation 7C(4) are that:

1. The incoming EEA firm has given notice to its Home State regulator stating the details of the proposed change; and

2. The period of one month, beginning the day on which the incoming EEA firm gave the notice under (1), has elapsed.
14.3 Changes to cross border services

14.3.1 Where an incoming EEA firm passporting under the MiFID, UCITS Directive, MCD, AIFMD or IDD is exercising an EEA right and is providing cross border services into the United Kingdom, the EEA Passport Rights Regulations govern any changes to the details of those services. Where an incoming EEA firm has complied with the EEA Passport Rights Regulations, then the firm’s permission under Schedule 3 to the Act is to be treated as varied.

Firms passporting under the UCITS Directive

14.3.2 Where an incoming EEA firm passporting under the UCITS Directive is providing cross border services into the United Kingdom, it must not make a change in the details referred to in regulation 5(1A) unless it has complied with the relevant requirements in regulation 5(3).

The relevant requirements in regulation 5(3) are that:

(1) the incoming EEA firm has given a notice to the FCA (see § SUP 14.4.1 G) and to its Home State regulator stating the details of the proposed change;

(2) if the change arises from circumstances beyond the incoming EEA firm’s control, that firm has, as soon as practicable, given to the appropriate UK regulator and to its Home State regulator the notice in (1).

14.3.3A [deleted]

14.3.4 Under regulation 5(4), the FCA is required, as soon as practicable after receiving the notice in § SUP 14.3.3 G, to inform the incoming EEA firm of any consequential changes in the applicable provisions.

Firms passporting under MiFID

14.3.4A Where an incoming EEA firm passporting under MiFID is providing cross border services into the United Kingdom, it must not:

(1) make a change in the details referred to in regulation 5A(1)(a); or
(2) use, for the first time, any tied agent to provide services in the United Kingdom; or

(3) cease to use tied agents to provide services in the United Kingdom;

unless it has complied with the relevant requirements in regulation 5A(3).

The relevant requirements in regulation 5A(3) are that:

(1) the incoming EEA firm has given notice to its Home State regulator stating the details of the proposed change; and

(2) the period of one month beginning with the day on which the incoming EEA firm gave that notice has elapsed.

Under regulation 5(4), the FCA is required, as soon as practicable after receiving the notice in SUP 14.3.4B G, to inform the incoming EEA firm of any consequential changes in the applicable provisions.

SUP 14.3.4A G does not apply to a change occasioned by circumstances beyond the incoming EEA firm’s control.

Firms passporting under AIFMD

Where an EEA AIFM is providing cross-border services to manage an AIF in the UK, it must not make a material change to:

(1) the particulars of the programme of operations to be carried out in the UK, including the description of the particular EEA activities; or

(2) the identity of the AIFs that the EEA AIFM intends to manage;

unless it has complied with the relevant requirement in regulation 7A(3).

Where an EEA AIFM is providing cross-border services to market an AIF in the UK, it must not make a material change to:

(1) the documents and information referred to in Annex IV to AIFMD; or

(2) the statement that the EEA AIFM is authorised to manage AIFs with a particular management strategy;

unless it has complied with the relevant requirement in regulation 7A(3).

The relevant requirement in regulation 7A(3) is that the Home State regulator has informed the FCA that it has approved the proposed change.

Firms passporting under the MCD

As required by regulation 7B(1), where an incoming EEA firm is providing cross border services under the MCD in the UK, it must not make a material change to any of the matters referred to in regulation 2(8)(b) to (e) or
regulation 3(6)(b) to (e), unless it has complied with the relevant requirements.

14.3.12 The relevant requirements are set out in regulation 7B(4) or, where the change arises from circumstances beyond the incoming EEA firm’s control, regulation 7B(5).

14.3.13 Where the change arises from circumstances within the control of the incoming EEA firm, the relevant requirements in regulation 7B(4) are that:

(1) the incoming EEA firm has given a notice to the FCA and its Home State regulator stating the details of the proposed changes; and

(2) either:
   (a) the FCA has informed the incoming EEA firm that it may make the change; or
   (b) a period of one month has elapsed beginning with the day on which the incoming EEA firm gave the notice under (1).

14.3.14 Where the change arises from circumstances beyond the incoming EEA firm’s control, the incoming EEA firm is required by regulation 7B(5) to give a notice to the FCA and to its Home State regulator stating the details of the change as soon as reasonably practicable.

Firms passporting under the IDD

14.3.15 As required by regulation 7C(1), where an incoming EEA firm is providing cross border services under the IDD in the UK, it must not make a material change to any of the matters referred to regulation 3(4) unless it has complied with the relevant requirements in regulation 7C(4).

14.3.16 The relevant requirements in regulation 7C(4) are that:

(1) the incoming EEA firm has given notice to its Home State regulator stating the details of the proposed change; and

(2) the period of one month, beginning the day on which the incoming EEA firm gave the notice under (1), has elapsed.
14.4 Notices of proposed changes: form and delivery

14.4.1 (1) Regulation 7 to 9 of the Financial Services and Markets Act 2000 (Services of Notices) Regulations 2001 (SI 2001/1420) govern the manner in which notices may be submitted to the regulators under the EEA Passport Rights Regulations. In summary, they should be delivered or posted to the appropriate UK regulator’s address (See (2) below) and will be treated as given when received by the appropriate UK regulator. They should not be sent by fax or electronic mail.

(2) [deleted]

14.4.1A The address for FCA notices is: The Passport Notifications Unit, The Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN.
14.5 Variation of a top-up permission to carry on regulated activities outside the scope of the Single Market Directives or the auction regulation

14.5.1 Where an incoming EEA firm has been granted top-up permission by the appropriate UK regulator and wishes to vary that permission, the Act requires it to apply to the appropriate UK regulator for a variation of the top-up permission.

14.5.2 Guidance on the procedures for applying for a variation of a permission granted under Part 4A of the Act, including a top-up permission, is given in ■SUP 6 (Applications to vary and cancel Part 4APermission).
14.6 Cancelling qualification for authorisation

Incoming EEA firms

14.6.1 Section 34 of the Act states that an incoming EEA firm no longer qualifies for authorisation under Schedule 3 to the Act if it ceases to be an incoming EEA firm as a result of:

(1) having its EEA authorisation withdrawn by its Home State regulator; or

(2) ceasing to have an EEA right in circumstances in which EEA authorisation is not required; this is relevant to a financial institution that is a subsidiary of a credit institution (of the kind mentioned in Article 34of the CRD) which fulfils the conditions in articles 33 and 34of that Directive.

14.6.2 In addition, under section 34(2) an incoming EEA firm may ask the appropriate UK regulator to give a direction cancelling its authorisation under Schedule 3 to the Act.

14.6.3 Regulation 8 states that where an incoming EEA firm which qualifies for authorisation under Schedule 3:

(1) has ceased, or is to cease, to carry on regulated activities in the United Kingdom; and

(2) gives notice of that fact to the appropriate UK regulator;

the notice is treated under regulation 8 as a request for cancellation of the incoming EEA firm’s qualification for authorisation under Schedule 3 to the Act and so as a request under section 34(2) of the Act.

Auction regulation bidding: notification rule

14.6.3A An EEA firm that has exercised an EEA right under the auction regulation to establish a branch in the United Kingdom must notify the FCA by email to emissionstrading@fca.org.uk when it ceases to carry on regulated activities through a branch passport in the United Kingdom or whenever possible thereafter.

14.6.3B The sole purpose of the notification in SUP 14.6.3A is to inform the FCA that it may discontinue its supervision of the UK branch of the incoming EEA
firm’s compliance with the applicable provisions. The applicable provisions that apply to that branch are set out in SUP 13A Annex 1 (Application of the Handbook to Incoming EEA Firms).

Incoming Treaty firms

14.6.9  
Section 35 of the Act states that an incoming Treaty firm no longer qualifies for authorisation under Schedule 4 to the Act if its Home State authorisation is withdrawn.

14.6.10  
In addition, under section 35(2) an incoming Treaty firm may ask the appropriate UK regulator to give a direction cancelling its authorisation under Schedule 4 to the Act.

UCITS qualifiers

14.6.11  
Section 36 of the Act states that a UCITS qualifier may ask the FCA to give a direction cancelling its authorisation under paragraph 1(1) of Schedule 5 to the Act. UCITS qualifiers should also refer to COLLG 3.1.11 G (Revocation of recognition of overseas schemes (section 279)).
14.7 Cancellation of a top-up permission to carry on regulated activities outside the scope of the Single Market Directives or the auction regulation

14.7.1 Where an incoming EEA firm, an incoming Treaty firm or a UCITS qualifier wishes to cancel its top-up permission, either with or without cancellation of its qualification for authorisation under Schedule 3, 4, or 5 to the Act, it should make an application following the procedures set out in §SUP 6 (Applications to vary and cancel Part 4APermission).
For further guidance on passporting procedures, an incoming EEA firm may contact the FCA or PRA authorisations team, or their usual supervisory contact at the appropriate UK regulator. Incoming Treaty firms and UCITS qualifiers may speak to their supervisory contact at the appropriate UK regulator in the first instance.
Chapter 15

Notifications to the FCA
15.1 Application

Who?

15.1.1 This chapter applies to every firm except that:

(1) only SUP 15.10 applies to an ICVC or a UCITS qualifier; and

(2) SUP 15.3.22 D to SUP 15.3.25 D apply only to the Society.

15.1.2 The application of this chapter to an incoming EEA firm or an incoming Treaty firm is set out in SUP 15 Annex 1.

15.1.3 In some cases, the application of provisions set out in SUP 15 Annex 1 depends on whether responsibility is reserved to a Home State regulator.

15.1.3A The guidance in SUP 15.13 applies to all CBTL firms whether or not they are also firms.

15.1.3B The directions and guidance in SUP 15.14 apply to payment service providers as set out in that section.

What?

15.1.4 This chapter:

(1) applies with respect to the carrying on of both regulated activities and unregulated activities; and

(2) takes into account any activity of other members of a group of which the firm is a member.

15.1.4AR SUP 15.8 and SUP 15.14 apply with respect to the carrying on of payment services and other activities to which the Payment Services Regulations apply.
Where?

15.1.5  G  Firms are reminded that, unless expressly stated otherwise, where a rule or guidance includes a reference to a firm this includes all UK and overseas branches and representative offices of that firm, whether or not those branches or offices carry on any regulated activities.

15.1.6  R  This chapter does not apply to an incoming ECA provider acting as such.

SMCR firms

15.1.7  R  The following apply only to SMCR firms:

(1)  G  SUP 15.2.5G (Purpose); and

(2)  G  SUP 15.11 (Notification of COCON breaches and disciplinary action).
15.2 Purpose

15.2.1

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

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

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;
(4) rules requiring a firm to ensure that information provided to the FCA is accurate and complete; section 398 of the Act makes it an offence knowingly or recklessly to provide the FCA with information which is false or misleading in a material particular, in purported compliance with any requirement imposed by or under the Act; the purpose of the rules in §SUP 15.6 is to ensure that firms take due care to ensure the accuracy of information and to require them to ensure that information is not only accurate but also complete;

(5) material (in §SUP 15.10 (Notification of suspicious transactions or orders (market abuse)) which makes reference to the provisions of the Market Abuse Regulation that detail requirements on the reporting of transactions or orders about which there is reasonable suspicion of market abuse; and

(6) directions and guidance for a payment service provider on the form, content and timing of notifications required to be submitted to the FCA in accordance with or in relation to the Payment Services Regulations.

15.2.3 Rules and guidance have also been included to set out how firms should make a notification and to determine when it may be appropriate to discuss matters with their usual supervisory contact at the FCA by telephone (§SUP 15.7).

15.2.4 [deleted]

15.2.5 §SUP 15.11 (Notification of COCON breaches and disciplinary action) provides rules and guidance on notifications to the FCA by an SMCR firm where the SMCR firm takes disciplinary action in relation to any conduct rules staff and the reason for taking that action is a reason specified in rules made by the FCA. This is a requirement imposed under section 64C of the Act.

15.2.6 §SUP 15.12 (Ongoing alerts for retail adviser complaints) sets out rules and guidance on a firm’s obligation to notify the FCA of complaints against an employee acting as a retail investment adviser.
15.3 General notification requirements

Matters having a serious regulatory impact

15.3.1 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.

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.

15.3.2 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.

15.3.3 Guidance on satisfaction of the threshold conditions is given in COND.

15.3.4 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.

Communication with the appropriate regulator in accordance with Principle 11

15.3.5 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.

15.3.7A 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 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 account 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 (other than an incoming 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 account 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 account fund on a continuous and satisfactory basis;

2. any significant failure in the firm’s systems or controls, including those reported to the firm by the firm’s auditor;

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 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.

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 (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 MiFID 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 a directly applicable provision imposed by MiFIR or any EU regulation adopted under MiFID or MiFIR; or

(dA) a breach of a directly applicable provision in the EU CRR or any directly applicable regulations made under CRD or the EU 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 a directly applicable provision in the auction regulation; or

(f) it exceeding (or becoming aware that it will exceed) the limit in SUP 15.10.5.6 R; or

(g) a breach of the AIFMD UK regulation; or
(h) a breach of any directly applicable EU regulation made under AIFMD; or
(ha) a breach of the benchmarks regulation (apart from Annex II to that regulation) or of any directly applicable regulations or requirements made or imposed under the benchmarks regulation; or
(i) a breach of a directly applicable EU regulation made 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  ■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  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  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  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  (1) Some matters that need to be notified under ■SUP 15.3.11R may also have to be notified under ■SUP 10A.14 (Changes to an FCA-approved person’s details).
(2) However, there is no need to make the same notification twice.
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.

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.

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).

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

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.

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

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.

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.

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.

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

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.

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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);
   (f) apply to court for an injunction, restitution order or insolvency order (see ■ EG 10, ■ EG 11 and ■ EG 13); and
   (g) prosecute any criminal offence that the FCA has power to prosecute under the Act (see ■ EG 12).

The Society must immediately inform the FCA in writing if it becomes aware that any matter likely to be of material concern to the FCA may have arisen in relation to:
(1) the regulated activities for which the Society has permission; or

(2) underwriting agents; or

(3) approved persons or individuals acting for or on behalf of underwriting agents.

15.3.24 D The Society must inform the FCA if it commences investigations or disciplinary proceedings relating to apparent breaches:

(1) of the Act or requirements made under the Act, including the threshold conditions or the Principles or other rules, by an underwriting agent; or

(2) of the Statements of Principle by an individual or other person who carries out controlled functions for or on behalf of an underwriting agent.

15.3.25 D The Society must inform the FCA if it commences investigations or disciplinary proceedings which do not fall within the scope of SUP 15.3.24 but which:

(1) involve an underwriting agent, or an approved person who carries out controlled functions for it or on its behalf; or

(2) may indicate that an individual acting for or on behalf of an underwriting agent may not be a fit and proper person to perform functions in relation to regulated activities.

UK AIFMs

15.3.26 R A full-scope UK AIFM must notify the FCA before implementing any material changes to the conditions under which it was granted permission to manage an AIF, in particular to the information it provided in its application for that permission.

[Note: article 10(1) of AIFMD]

15.3.27 G Changes that the FCA would expect to be notified of under SUP 15.3.26 R include:

(1) an AIFM being appointed to manage another AIF;

(2) the appointment of a different depositary 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:
15.3.28 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 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 EuSEF or EuVECA (see SUP 15.3.31 G).

15.3.30 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 conditions in regulation 9 (meaning of “small AIFM”) of the AIFMD UK regulation (see (2)); or

(ii) the AIF is a EuSEF or EuVECA (see SUP 15.3.31 G);

(2) if it no longer meets the conditions in regulation 9 (meaning of “small AIFM”) of the AIFMD UK regulation, by using the form in SUP 15 Annex 6D R; and

(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.
A EuSEF manager or a EuVECA manager should notify the FCA of the following changes in the following manner:

(1) for changes to senior personnel, by using the form in SUP 15 Annex 6B R; and

(2) for changes to the jurisdiction in which its EuSEF or EuVECA is marketed or to market a new EuSEF or EuVECA, by using the form in SUP 15 Annex 6F G

**Competition law infringements**

(1) A firm must notify the FCA if it has or may have committed a significant infringement of any applicable competition law.

(2) A firm 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.

(3) (a) A firm must make the notification in writing unless (3)(b) applies.

(b) A firm 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.

A notification under SUP 15.3.32R should include:

(1) information about any circumstances relevant to the infringement or possible infringement;

(2) identification of the relevant law; and

(3) information about any steps which the firm or other person has taken or intends to take to rectify or remedy the infringement or prevent any future potential occurrence.

In determining whether a matter is significant, a firm should have regard to the actual or potential effect on competition, any customer detriment, and the duration of any infringement and implications for the firm's systems and controls.

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.

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 or article 101 of the Treaty.
15.4 Notified persons

15.4.1 (1) An overseas firm, which is not an incoming 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 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 (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 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 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 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 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 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:

(1) the number of the firm’s principal place of business in the United Kingdom;

(2) in the case of an overseas firm, the number of its head office.
15.5.6 **G**

SUP 15.5.4 R and SUP 15.5.5 R mean that a firm should notify the FCA of a change in telephone number even if the address of the office is not changing.

15.5.7 **R**

A firm must notify the FCA immediately if it becomes subject to or ceases to be subject to the supervision of any overseas regulator (including a Home State regulator).

15.5.8 **G**

The FCA’s approach to the supervision of a firm is influenced by the regulatory regime and any legislative or foreign provisions to which that firm, including its branches, is subject.

### Submitting notifications to the appropriate regulator

15.5.9 **R**

(1) A firm other than:

(a) a credit union; or

(b) an FCA-authorised person with permission to carry on only credit-related regulated activity;

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 FCA’s website.

(2) A credit union or an FCA-authorised person with permission to carry on only credit-related regulated activity (other than a firm with only an interim permission 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 15.5.7 R by submitting the form in SUP 15 Ann 3R in the way set out in SUP 15.7.4R to SUP 15.7.9G (Form and method of notification).

(3) Where a firm is obliged to submit a notice online under (1), if the FCA’s appropriate regulator’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 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).

(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).

15.5.10 **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 15.5.9R(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 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 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) a directly applicable provision imposed by MiFIR or any EU regulation adopted under MiFID or MiFIR; or

(2) a breach of any requirement imposed by or under either the MiFIR Regulations or the DRS Regulations.

15.6.2 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) SUP 17 (Transaction reporting);

(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).
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.

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.

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.

The FCA may request the firm to provide revised documentation containing the correct information, if appropriate.

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).

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

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).

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.

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

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.
15.7A Methods of notification

<table>
<thead>
<tr>
<th>Method of delivery</th>
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<tbody>
<tr>
<td>1. Post to the appropriate address in SUP 15.7.6A G</td>
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<tr>
<td>2. Leaving the notification at the appropriate address in SUP 15.7.6A G and obtaining a time-stamped receipt</td>
</tr>
<tr>
<td>3. Electronic mail to an address for the firm's usual supervisory contact at the FCA and obtaining an electronic confirmation of receipt</td>
</tr>
<tr>
<td>4. Hand delivery to the firm's usual supervisory contact at the FCA</td>
</tr>
<tr>
<td>5. Fax to a fax number for the firm's usual supervisory contact at the FCA and receiving a successful transmission report for all pages of the notification</td>
</tr>
<tr>
<td>6. Online submission via the FCA's website at <a href="http://www.fca.org.uk">www.fca.org.uk</a></td>
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15.6 [deleted]

15.6A 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 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).

15.8 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.
Firms wishing to communicate with the FCA by electronic mail or fax should obtain the appropriate address or number from the FCA appropriate regulator.

Timely notification

15.7.10 If a notification rule requires notification within a specified period:

(1) the firm must give the notification so as to be received by the FCA no later than the end of that period; and

(2) if the end of that period falls on a day which is not a business day, the notification must be given so as to be received by the FCA no later than the first business day after the end of that period.

15.7.11 If a notification rule does not require notification within a specified period, the firm should act reasonably in deciding when to notify.

Underwriting agents: notification to the Society of Lloyd's

15.7.12 (1) [deleted]

(2) [deleted]

15.7.13 [deleted]

15.7.14 The FCA has made arrangements with the Society of Lloyd's with respect to the monitoring of underwriting agents. Underwriting agents should check whether these arrangements provide for any notifications required under this chapter to be sent to the Society instead of to the FCA. [For further details see the FCA's website.]

Consequences of breach of form and method rules

15.7.15 If a firm fails to comply with the rules in this section then the notification is invalid and there may be a breach of the rule that required the notification to be given.

Service of Notices Regulations

15.7.16 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 notification rules because of the specific rules in this section.
15.8 Notification in respect of particular products and services

Management of occupational pension scheme assets

15.8.1 A firm which manages the assets of an occupational pension scheme must notify the FCA as soon as reasonably practicable if it receives any request or instruction from a trustee which it:

(1) knows; or

(2) on substantial grounds:
   (a) suspects; or
   (b) has cause reasonably to suspect;

is at material variance with the trustee’s duties.

Individual Pension Accounts

15.8.2 If a firm begins or ceases to administer individual pension accounts, it must notify the FCA as soon as reasonably practicable that it has done so.

Insurers’ commission clawback

15.8.3 (1) An insurer must notify the FCA in respect of any firm (the “intermediary”) as soon as reasonably practicable if:

   (a) any amount of commission due from the intermediary to the insurer in accordance with an indemnity commission clawback arrangement remains outstanding for four months after the date when the insurer gave notice to the intermediary that the relevant premium had not been paid; or

   (b) any amount of commission due from the intermediary to the insurer as a result of either the cancellation of an investment agreement or overpayment of commission remains outstanding for four months after the date on which the insurer gave notice to the intermediary that cancellation or overpayment had occurred.

(2) A notification in (1):

   (a) need not be given unless the total amounts outstanding under (1)(a) and (b) in respect of the intermediary exceed £1,000; and

   (b) must give the identity of the intermediary and the amount of commission which remains outstanding.
(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

15.8.4 G (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)

15.8.5 G 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

15.8.6 R 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]

15.8.7 G 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

15.8.8 R (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;
(b) details of whether it intends to offer HMRC allocated CTFs; and
(c) whether it intends to provide its own stakeholder CTF account.

15.8.9 R A BIPRU firm must report to the FCA immediately any case in which its counterparty in a repurchase agreement or reverse repurchase agreement or securities or commodities lending or borrowing transaction defaults on its obligations.

MCD credit intermediaries

15.8.10 R A tied MCD credit intermediary must notify the FCA, as soon as reasonably practicable, if it intends to cease acting on behalf of and under the full responsibility of any firm.

15.8.11 R A MCD credit intermediary must notify the FCA, as soon as reasonably practicable, if it intends to start acting on behalf of and under the full responsibility of any firm.

Credit institutions providing account information services or payment initiation services

15.8.12 D Unless SUP 15.8.13D applies, a full credit institution must notify the FCA before it starts to provide an account information service or a payment initiation service.

15.8.13 D A full credit institution which:

(1) prior to 13 January 2018, started to provide a service which, if provided on or after 13 January 2018, would have constituted an account information service or a payment initiation service; and

(2) continues to provide an account information service or a payment initiation service on 13 January 2018,

must notify the FCA that it is providing account information services or payment initiation services by 10 February 2018.

15.8.14 D A notification required under SUP 15.8.12 or SUP 15.8.13 must include a description of the account information service or payment initiation service 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).
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.

(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.

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.

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

(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 Article 10(2) of the Financial Groups Directive (Competent authority responsible for exercising supplementary supervision (the co-ordinator)).

(1) A firm must, at the level of the EEA financial conglomerate, regularly provide the FCA with details on the financial conglomerate's legal structure and governance and organisational structure, including all regulated entities, non-regulated subsidiaries and significant branches.

(2) A firm must disclose publicly, at the level of the EEA financial conglomerate, 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 an EEA financial conglomerate which is part of a wider UK regulated EEA financial conglomerate, reporting applies only at the level of the EEA parent mixed financial holding company or ultimate EEA mixed financial holding company.
15.10 Reporting suspicious transactions or orders (market abuse)

15.10.1 [deleted]

Notification of suspicious transactions or orders: general

15.10.2 [deleted]

15.10.2A [EU] [article 16 of the Market Abuse Regulation.]

Notification of suspicious transactions: investment firms and credit institutions

15.10.3 [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 G A person subject to article 16 of the Market Abuse Regulation making a notification to the FCA under this section may do so using the system indicated on the FCA’s website.

15.10.8 G [deleted]

15.10.9 R [deleted]
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 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 Principle 11, SUP 15.6.4R and, if applicable, SUP 10C or SUP 15.11.13R(4).

15.11.9 (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 [deleted]

15.11.11 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 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 (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 the 12 month period ending on the last day of August; and

(b) be submitted to the FCA:

(i) within two months of the end of the reporting period; or

(ii) (if the end of the submission period in (b)(i) falls on a day which is not a business day) so as to be received no later than the first business day after the end of that submission period.
(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 rule but the firm must include the update or correction in the next notification it is due to make under this rule rather than in the time and manner otherwise required for notifications under those rules.

(5) If a firm (other than a credit union) has nothing to report under section 64C of the Act and nothing to report under [SUP 15.11.13R(4)] for a particular reporting period, it must notify the FCA of that fact in accordance with [SUP 15.11.13R to SUP 15.11.14R].

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]

(1) A firm other than a credit union must make each notification pursuant to SUP 15.11.13R (notifications about section 64C of the Act relating to conduct rules staff other than SMF managers) by submitting it online through the FCA’s website using the electronic system made available by the FCA for this purpose.

(2) A firm 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.

(3) If the information technology systems used by the FCA 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.

15.11.14A [G]

(1) If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, the FCA will endeavour to publish a notice on its website confirming that:

(a) online submission is unavailable; and

(b) the alternative methods of submission in SUP 15.11.15R apply.

(2) Where SUP 15.11.14R(3) applies to a firm, GEN 1.3.2R (Emergency) does not apply.

15.11.15 [R]

A credit union must make each notification pursuant to SUP 15.11.13R (notifications about section 64C of the Act relating to conduct rules staff 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

<table>
<thead>
<tr>
<th>15.11.16</th>
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| 15.11.17 | 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 | 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 | 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 | 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

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.

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 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 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 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 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 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**

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 Contact Centre);
4. delivered to the FCA by one of the methods in SUP 15.5.5AR 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.

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;
4. 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
5. 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.
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**

This section applies to payment service providers.

**Purpose**

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**

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.

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.

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.

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**.
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.

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.

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.

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.

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 Payment Services Regulations provides that, if a payment service provider becomes aware of a major operational or security incident, the payment service provider must, without undue delay, notify the FCA. The purpose of this section is to direct the form and manner in which such notifications must made and the information they must contain, in exercise of the power in regulation 100(2) of the Payment Services Regulations.

15.14.19 [G] The EBA has issued Guidelines on incident reporting under the Payment Services Directive that specify the criteria a payment service provider 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 payment service provider should follow.

15.14.20 [D] Payment service providers must comply with the EBA’s Guidelines on incident reporting under the Payment Services Directive as issued on 27 July 2017 where they are addressed to payment service providers.

15.14.21 [D] In particular, a notification required by regulation 99(1) of the Payment Services Regulations must be submitted by the payment service provider to the FCA:

1. within the timescales and at the frequencies specified in the EBA’s Guidelines on incident reporting under the Payment Services Directive;

2. in writing on the form specified in [SUP 15 Annex 11D]; and

3. by such electronic means as the FCA may specify.

15.14.22 [G] Payment service providers should note that article 16(3) of Regulation (EU) No 1093/2010 also requires them to make every effort to comply with the EBA’s Guidelines on incident reporting under the Payment Services Directive.

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 payment service provider 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 Payment Services Directive contain guidelines on the completion of the form specified in [SUP 15 Annex 11D]. Payment service providers should use the same form in all reports concerning the same incident. Payment service providers 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** Payment service providers should report in respect of each quarter in which a fraud rate exceeds the applicable reference rate.

**15.14.33** 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** 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** 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** 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** 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** 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:

1. without undue delay;
(b) using the form set out in SUP 15 Annex 13D; and

(c) by electronic means made available by the FCA.

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.
Application of SUP 15 to incoming EEA firms, incoming Treaty firms, EEA authorised payment institutions and EEA authorised electronic money institutions

1. SUP 15 applies in full to an incoming EEA firm, or incoming Treaty firm, which has a top-up permission.
2. [deleted]
2A [deleted]
3. For any other incoming EEA firm, incoming Treaty firm, EEA authorised payment institution or EEA authorised electronic money institution, SUP 15 applies as set out in the following table.

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<th>Application</th>
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### Applicable sections

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<th>Applicable sections</th>
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<td>SUP 15.5.4 R (2) Change in address: registered office</td>
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<tr>
<td>SUP 15.14 Notifications under the Payment Services Regulations</td>
<td>Apply in so far as responsibility for the matter in question is not reserved by an EU instrument to the payment service provider's Home State regulator</td>
</tr>
</tbody>
</table>

- SUP 15 does not apply to an incoming EEA firm which has permission for cross border services only and which does not carry on regulated activities in the United Kingdom.
- SUP 15 does not apply to an EEA pure reinsurer which does not have a top-up permission.
- SUP 15 does not apply to an EEA authorised payment institution or an EEA authorised electronic money institution which exercises passport rights in the United Kingdom on a cross border services basis only.
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 2](#)

The notes for the form can be found at the following address:

[Form F notes](#)
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 address: Notification to amend firm details – SUP 15 Annex 3
Notification form

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

Notifications Form - [SUP 15 Annex 4]
### 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]
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 - EuSEF and EuVECA management and marketing notifications
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](https://www.handbook.fca.org.uk/form)
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
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](https://www.handbook.fca.org.uk/form)
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](https://www.handbook.fca.org.uk/form)

SUP 15 Annex 6DR - AIFMD notice of sub-threshold AIFM exceeding AuM limit
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
EuSEF and EuVECA 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
Form H: Form for the notification of disciplinary action relating to conduct rules staff (other than SMF managers) in SMCR firms
Form G: The Retail Investment Adviser Complaints Notifications Form
Form NOT002 Payment Account Service rejections or withdrawals (notification by credit institutions under regulation 105)
Form NOT003 AIS/PIS denial (notification by account servicing payment service providers under regulation 71)
Form Notification of major operational or security incidents – PSD2
Form NOT004 Notification that the fraud rate exceeds the reference fraud rate under SCA-RTS article 20

<table>
<thead>
<tr>
<th>Name of service provider</th>
<th>FRN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Details of the person the FCA should contact in relation to this notification:
- Title
- First names
- Surname
- Position
- Phone number
- Email address

Q1 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?  
[ ] Yes Continue to question 2  
[ ] No If this is a notification that you intend to make use again of the transaction risk analysis exemption, go to question 8

Q2 If this notification is not the first, please provide the reference number received when the original notification was submitted

Notification that the reference fraud rate is exceeded

Q3 Please confirm that the fraud rates were calculated in accordance with SCA-RTS article 19  
[ ] Yes  
[ ] No
<table>
<thead>
<tr>
<th>Q4</th>
<th>Please provide the PSP’s fraud rate(s), where they exceed the applicable reference fraud rate</th>
<th>Remote electronic card-based payments, Remote electronic credit transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EUR 500</td>
<td>EUR 250, EUR 100</td>
</tr>
<tr>
<td>Q5</td>
<td>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)?</td>
<td>Remote electronic card-based payments, Remote electronic credit transfers</td>
</tr>
<tr>
<td></td>
<td>EUR 500</td>
<td>EUR 250, EUR 100</td>
</tr>
<tr>
<td>Q6</td>
<td>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)</td>
<td>Remote electronic card-based payments, Remote electronic credit transfers</td>
</tr>
<tr>
<td></td>
<td>EUR 500</td>
<td>EUR 250, EUR 100</td>
</tr>
<tr>
<td>Q7</td>
<td>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)</td>
<td>max 500 words</td>
</tr>
<tr>
<td></td>
<td>Notification that you intend to make use again of the transaction risk analysis exemption</td>
<td></td>
</tr>
</tbody>
</table>
Q10 When do you intend to start making use again of the transaction risk analysis exemption? (DD/MM/YYYY)
**Form NOT005 Notification that there are problems with a dedicated interface under SCA-RTS article 33(3)**

<table>
<thead>
<tr>
<th><strong>NOT005 - Notification that there are problems with a dedicated interface under SCA-RTS article 33(3)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name of service provider</strong></td>
</tr>
<tr>
<td><strong>FRN</strong></td>
</tr>
<tr>
<td>Details of the person the FCA should contact in relation to this notification:</td>
</tr>
<tr>
<td><strong>Title</strong></td>
</tr>
<tr>
<td><strong>First names</strong></td>
</tr>
<tr>
<td><strong>Surname</strong></td>
</tr>
<tr>
<td><strong>Position</strong></td>
</tr>
<tr>
<td><strong>Phone number</strong></td>
</tr>
<tr>
<td><strong>Email address</strong></td>
</tr>
</tbody>
</table>
| **Q1** In what capacity is the firm notifying? | [ ] ASPSP  
[ ] PISP  
[ ] AISP  
[ ] CBPII |
| **Q2** Is this a notification that the dedicated interface does not comply with SCA-RTS article 32? | Yes [ ] Continue to question 3  
No [ ] 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) | [ ] 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.  
[ ] There isn’t the same level of support offered to AISP and PISPs using the ASPSP’s dedicated interface, in comparison to the customer interface.  
[ ] 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 and Opinion).  
[ ] Other failure to comply with article 32. |
<table>
<thead>
<tr>
<th>Q4</th>
<th>[Only complete if the answer to question 2 was no]</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>What is the problem in relation to unplanned unavailability or a systems breakdown? (select the option which best describes the problem)</td>
</tr>
<tr>
<td></td>
<td>[ ] 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.</td>
</tr>
<tr>
<td></td>
<td>[ ] 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.</td>
</tr>
<tr>
<td></td>
<td>[ ] 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.</td>
</tr>
<tr>
<td></td>
<td>[ ] Other unplanned unavailability or systems breakdown.</td>
</tr>
</tbody>
</table>

| Q5 | 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. |
|    | Max 500 words |

| Q6 | Time and date when the problem began |
|    | Has the problem been resolved at the time of submitting this notification? | Yes/ No |
Chapter 15A

Application and notifications under EMIR
15A.1 Application and notifications under EMIR

15A.1.1 Where a person intends to rely on article 4(2), 10(2) or 89(2) of EMIR for an exemption from the clearing obligation set out in article 4(1) or 10(1) of EMIR, the person should make their application or notification to the FCA in such manner, and by providing such information, as the FCA directs or requires.

15A.1.2 Where a person makes a notification in respect of the obligation set out in article 10(1)(a) of EMIR, the person should make the notification to the FCA in such manner, and by providing such information, as the FCA directs or requires.

15A.1.3 Where a person intends to rely on article 11(6), (7), (8), (9) or (10) for an exemption from the obligation to implement risk management procedures set out in article 11(3) of EMIR, the person should make their application or notification to the FCA in accordance with EMIR requirements, including (where relevant) those set out in the EMIR technical standards on OTC derivatives.

15A.1.3A Where a person is required to make a notification to the FCA in accordance with article 12(4) or article 15(2) of the EMIR technical standards on OTC derivatives, that notification should be made in accordance with the EMIR requirements set out in the EMIR technical standards on OTC derivatives.

15A.1.4 The FCA 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 FCA may reasonably direct.

15A.1.5 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

(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.

(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.
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 EU.

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

Article 32 of the benchmarks regulation provides that a benchmark administrator located in a third country may apply to a competent authority 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 (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 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 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; 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 where it is desirable for the FCA to do so in order to advance any of the FCA’s operational objectives.

15B.5.3

(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)(e) of those regulations i.e. a person who administers a benchmark relying on article 51(4) of the benchmarks regulation.

(2) That is because the persons listed in regulation 5(2)(e) will not necessarily be subject to the requirements of the benchmarks regulation or the Act and may therefore 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.

(3) In view of (2), the FCA does not generally expect that it will need to rely on the ground in regulation 6(1)(b) of the UK Benchmarks Regulations 2018 in relation to the other categories of Miscellaneous BM person (listed in regulation 5(2)(a)-(d) and (f) of the UK Benchmarks Regulations 2018). However, the FCA cannot entirely exclude the possibility that it might need to do so in other circumstances and the FCA will consider any proposed use of the power on its merits on a case by case basis.
SUP 15B: Applications and notifications under the benchmarks regulation and...
Chapter 15C

Applications under the Payment Services Regulations
15C.1 Application

15C.1.1 This chapter applies to payment service providers.
15C.2 Request for exemption from the obligation to set up a contingency mechanism (Article 33(6) of the SCA RTS)

15C.2.1 Account servicing payment service providers that opt to provide a dedicated interface under article 31 of the SCA RTS may request that the FCA 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 Account servicing payment service providers wishing to rely on the exemption in article 33(6) of the SCA RTS must submit to the FCA the form specified in 15C Annex 1D by electronic means made available by the FCA.

15C.2.2 Account servicing payment service providers are encouraged to discuss an exemption request with their usual supervisory contact as early as possible, and before submitting the form in 15C Annex 1D.

15C.2.3 The EBA issued Guidelines on 4 December 2018 on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the SCA RTS. The Guidelines clarify the requirements account servicing payment service providers 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 FCA provides further guidance on making an exemption request in chapter 17 of the FCA’s Approach Document.


15C.2.4 When completing the form specified in 15C Annex 1D, account servicing payment service providers must provide to the FCA such information as is necessary to enable the FCA to determine whether the requirements in Guidelines 2 to 8 of the EBA’s Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the SCA RTS are met.
Account servicing payment service providers should note that article 16(3) of Regulation (EU) 1093/2010 also requires them to make every effort to comply with the EBA’s Guidelines on the conditions to be met to benefit from an exemption from contingency measures under article 33(6) of the SCA RTS.
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

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.

ASPSPs completing the form should also comply with the Guidelines on the conditions to be met to benefit from an exemption from contingency measures 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
- Explanation of why the methods of carrying out the authentication procedure does not create obstacles

**Decoupled**

- Confirm that supporting evidence has been provided
- Explanation of why the methods of carrying out the authentication procedure does not create obstacles

**Embedded**

- Confirm that supporting evidence has been provided
- 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
- 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 AISPs, 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 AISPs, 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 AISPs, PISPs, CBPIIs (and those that have applied for the relevant authorisation).

Q10 Please provide the number of different PISPs, CBPIIs, AISPs that have used the testing facility.

Q11 Please provide a summary of the results of the testing as required.

**Wide usage of the interface (EBA Guideline 7)**

Q12 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 AISPs, 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 AISPs, PISPs, and CBPIIs.

Q15 Please explain any problems, particularly those reported by AISPs, 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

<table>
<thead>
<tr>
<th>Article</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSD2 Article 67</td>
<td>Enabling AISPs to access the necessary data from payment accounts accessible online</td>
</tr>
<tr>
<td>SCA-RTS Article 30 RTS</td>
<td>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</td>
</tr>
<tr>
<td>SCA-RTS Article 30(3)</td>
<td>Conforming to (widely used) standard(s) of communication issued by international or European standardisation organisations</td>
</tr>
<tr>
<td>PSD2 Article 64(2) SCA-RTS Article 30(1)(c)</td>
<td>Allowing the payment service user to authorise and consent to a payment transaction via a PISP</td>
</tr>
<tr>
<td>PSD2 Article 66(3)(b) and 67(2)(b)</td>
<td>Enabling PISPs and AISPs to ensure that when they transmit the personalised security credentials issued by the ASPSP, they do so through safe...</td>
</tr>
</tbody>
</table>

### Column B

| Description of the functional and technical specifications that the ASPSP has implemented to meet this requirement. |
| Summary of how the implementation of these specifications fulfils the requirements of PSD2, SCA-RTS and FCA Guidelines |
| 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)? |

### Column C

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enabling AISPs to access the necessary data from payment accounts accessible online</td>
<td>PSD2 Article 67, SCA-RTS Article 30 RTS</td>
</tr>
<tr>
<td>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</td>
<td>PSD2 Article 64(2) SCA-RTS Article 30(1)(c)</td>
</tr>
<tr>
<td>Conforming to (widely used) standard(s) of communication issued by international or European standardisation organisations</td>
<td>SCA-RTS Article 30(3)</td>
</tr>
<tr>
<td>Allowing the payment service user to authorise and consent to a payment transaction via a PISP</td>
<td>PSD2 Article 66(3)(b) and 67(2)(b)</td>
</tr>
<tr>
<td>Enabling PISPs and AISPs to ensure that when they transmit the personalised security credentials issued by the ASPSP, they do so through safe...</td>
<td></td>
</tr>
</tbody>
</table>
### Column A
**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]

### Column B
**Summary of how the implementation of these specifications fulfils the requirements of PSD2, SCA-RTS and FCA Guidelines**

[Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]

### Column C
**If not in place at the time of submission of the exemption request, when will the functionality be implemented to meet the requirement?**

Has a plan for meeting the relevant requirements been submitted to the FCA alongside this form?

<table>
<thead>
<tr>
<th>Article</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSD2 Article 65(2)(c), 66(2)(d) and 67(2)(c) SCA-RTS Article 30(1)(a) and 34</td>
<td>Enabling the identification of the AISP/PISP/CBPII and support eIDAS for certificates</td>
</tr>
<tr>
<td>SCA-RTS Article 10(2)(b)</td>
<td>Allowing for no more than 90 days re-authentication for AISPs</td>
</tr>
<tr>
<td>SCA-RTS Article 36(5)</td>
<td>Enabling the ASPSPs and AISPs to count the number of access requests during a given period</td>
</tr>
<tr>
<td>SCA-RTS Article 30(4)</td>
<td>Allowing for a change control process</td>
</tr>
<tr>
<td>PSD2 Article 64(2) and 80(2) and 80(4)</td>
<td>Allowing for the possibility for an initiated transaction to be cancelled in accordance with PSD2, including recurring transactions</td>
</tr>
<tr>
<td>SCA-RTS Article 36(2)</td>
<td>Allowing for error messages explaining the reason for the unexpected event or error</td>
</tr>
</tbody>
</table>
## SUP 15C : Applications under the Payment Services Regulations

### Annex 1D

<table>
<thead>
<tr>
<th>Article</th>
<th>Requirement</th>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSD2 Article 19(6)</td>
<td>Supporting access via technology service providers on behalf of authorised actors</td>
<td>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]</td>
<td>Summary of how the implementation of these specifications fulfils the requirements of PSD2, SCA-RTS and FCA Guidelines [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]</td>
<td>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?</td>
</tr>
<tr>
<td>PSD2 Article 97(5) and SCA-RTS Article 30(2)</td>
<td>Allowing AISPs and PISPs to rely on all authentication procedures issued by the ASPSP to its customers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>PSD2 Article 67(2)(d) and 30 (1)(b) and SCA-RTS Article 36(1)(a)</td>
<td>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</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>SCA-RTS Article 36(1)(c)</td>
<td>Enabling the ASPSP to send, upon request, an immediate confirmation yes/no to the PSP (PISP and CBPII) on whether there are funds available</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSD2 Article 97(2) and SCA-RTS Article 5</td>
<td>Enabling the dynamic linking to a specific amount and payee, including batch payments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCA-RTS Articles 30(2), 32(3), 18(2)(c)(v)</td>
<td>Enabling the ASPSP to apply the same exemptions from SCA for transactions initiated by</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Article</td>
<td>Requirement</td>
<td>Column A</td>
<td>Column B</td>
<td>Column C</td>
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<tr>
<td>---------</td>
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<tr>
<td>and (vi) and 18(3)</td>
<td>PISPs as when the PSU interacts directly with the ASPSP</td>
<td>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]</td>
<td>Summary of how the implementation of these specifications fulfils the requirements of PSD2, SCA-RTS and FCA Guidelines [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]</td>
<td>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?</td>
</tr>
<tr>
<td>SCA-RTS Article 4</td>
<td>Enabling strong customer authentication composed of two different elements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCA-RTS Articles 28 &amp; 35</td>
<td>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</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSD2 Article 97(3) SCA-RTS Articles 30(2)(c) and 35</td>
<td>Ensuring security at transport and application level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSD2 Article 97(3) SCA-RTS Articles 22, 35 and 3</td>
<td>Supporting the needs to mitigate the risk for fraud, have reliable and auditable exchanges and enable providers to monitor payment transactions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCA-RTS Article 29</td>
<td>Allowing for traceability</td>
<td></td>
<td></td>
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<tr>
<td>SCA-RTS Article 32</td>
<td>Allowing for the ASPSP’s dedicated interface to provide at least the same availability and per-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Article</td>
<td>Requirement</td>
<td>Column A</td>
<td>Column B</td>
<td>Column C</td>
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<td>---------</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>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]</td>
<td>Summary of how the implementation of these specifications fulfils the requirements of PSD2, SCA-RTS and FCA Guidelines [Where relevant, any deviation from the specific market initiative API specification which has been designed to meet this requirement]</td>
<td>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?</td>
</tr>
</tbody>
</table>
Chapter 16

Reporting requirements
16.1 Application

16.1 R This chapter applies to every firm and qualifying parent undertaking 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 guidance in SUP 16.13 apply to a payment service provider as set out in that section.

16.1.1AA G Credit institutions and electronic money institutions should note that some of the directions in SUP 16.13 apply to them as well as to payment institutions and registered account information service providers.

16.1.1B D The directions and guidance in SUP 16.15 apply to electronic money issuers that are not credit institutions.

16.1.1C G The directions and guidance in SUP 16.18 apply for the following types of AIFM:

(1) a small registered UK AIFM;

(2) an above-threshold non-EEA AIFM marketing in the UK; and

(3) a small non-EEA AIFM marketing in the UK.

16.1.1D D SUP 16.21 applies to a CBTL firm.

16.1.1E D The rules, directions and guidance in SUP 16.22 apply to a payment service provider located in the UK other than:

(1) a credit union;

(2) National Savings and Investments; and

(3) the Bank of England.

16.1.1F R The rules and guidance in SUP 16.26 (Reporting of information about Directory persons) apply to an SMCR firm.
(1) Subject to (2), the only categories of firm to which no section of this chapter applies are:

(a) an ICVC;

(b) an incoming EEA firm or incoming Treaty firm, unless it is:

(i) a firm of a type listed in §SUP 16.1.3R as a type of firm to which §SUP 16.6, §SUP 16.7A, §SUP 16.9, §SUP 16.12, or §SUP 16.14 applies; or

(ii) an insurer with permission to effect or carry out life policies; or

(iii) a firm with permission to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme; or

(iv) a payment service provider to which §SUP 16.22 applies; and

(c) a UCITS qualifier.

(2) §SUP 16.26 (Reporting of information about Directory persons) applies to a firm which is an SMCR firm (see §SUP 16.1.1FR).


<table>
<thead>
<tr>
<th>(1) Section(s)</th>
<th>(2) Categories of firm to which section applies</th>
<th>(3) Applicable rules and guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 16.1, SUP 16.2 and SUP 16.3</td>
<td>All categories of firm except:</td>
<td>Entire sections</td>
</tr>
<tr>
<td>(a)</td>
<td>an ICVC;</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>an incoming EEA firm or incoming Treaty firm, which is not:</td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>a firm of a type to which SUP 16.6 or SUP 16.12 applies; or</td>
<td></td>
</tr>
<tr>
<td>(ii)</td>
<td>an insurer with permission to effect or carry out life policies; or</td>
<td></td>
</tr>
<tr>
<td>(iii)</td>
<td>a firm with permission to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme; or</td>
<td></td>
</tr>
<tr>
<td>(iv)</td>
<td>a payment service provider to which SUP 16.22 applies; and</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>a UCITS qualifier.</td>
<td></td>
</tr>
<tr>
<td>SUP 16.4 and SUP 16.5</td>
<td>All categories of firm except:</td>
<td>Entire sections</td>
</tr>
</tbody>
</table>
### Section 16.1: Application requirements

<table>
<thead>
<tr>
<th>(1) Section(s)</th>
<th>(2) Categories of firm to which section applies</th>
<th>(3) Applicable rules and guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>(-a)</td>
<td>a credit union;</td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>an ICVC;</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>an incoming EEA firm;</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>an incoming Treaty firm;</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>a non-directive friendly society;</td>
<td></td>
</tr>
<tr>
<td>(e)</td>
<td>[deleted]</td>
<td></td>
</tr>
<tr>
<td>(f)</td>
<td>a sole trader;</td>
<td></td>
</tr>
<tr>
<td>(g)</td>
<td>a service company;</td>
<td></td>
</tr>
<tr>
<td>(h)</td>
<td>a UCITS qualifier;</td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>a firm with permission to carry on only retail investment activities;</td>
<td>SUP 16.6.4 R to SUP 16.6.5 R</td>
</tr>
<tr>
<td>(ia)</td>
<td>a firm with permission only to advise on P2P agreements (unless that activity is carried on exclusively with or for professional clients);</td>
<td></td>
</tr>
<tr>
<td>(j)</td>
<td>a firm with permission to carry on only insurance mediation activity, home finance mediation activity, or both;</td>
<td></td>
</tr>
<tr>
<td>(ja)</td>
<td>an FCA-authorised person with permission to carry on only credit-related regulated activity;</td>
<td></td>
</tr>
<tr>
<td>(jb)</td>
<td>a firm with permission to carry on only regulated claims management activities;</td>
<td></td>
</tr>
<tr>
<td>(k)</td>
<td>a firm falling within a combination of (i), (ia), (j), (ja) and (jb);</td>
<td></td>
</tr>
<tr>
<td>(l)</td>
<td>a firm with permission to carry on only the regulated activity of administering a benchmark;</td>
<td></td>
</tr>
<tr>
<td>SUP 16.6</td>
<td>Bank</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Depositary of an authorised fund</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SUP 16.6A A firm subject to the requirement in SUP 16.7A.3 R or SUP 16.7A.5 R</td>
<td>Sections as relevant</td>
</tr>
<tr>
<td></td>
<td>SUP 16.7A Insurer with permission to effect or carry out life policies, unless it is a non-directive friendly society</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>SUP 16.8 Firm with permission to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>SUP 16.9 Firm with permission to advise on investments; arrange (bring about) deals in investments; make arrangements with a view to transactions in investments; or arrange safeguarding and administration of assets</td>
<td>Entire section</td>
</tr>
<tr>
<td>(1) Section(s)</td>
<td>(2) Categories of firm to which section applies</td>
<td>(3) Applicable rules and guidance</td>
</tr>
<tr>
<td>----------------</td>
<td>-----------------------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>SUP 16.10</td>
<td>All categories of firm except:</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>(a) an ICVC;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) a UCITS qualifier; and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) [deleted]</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) a dormant account fund operator.</td>
<td></td>
</tr>
<tr>
<td>SUP 16.11</td>
<td>(1) A firm, other than a managing agent, which is:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) a home finance provider; or</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>(b) an insurer; or</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>(c) the operator of a regulated collective investment scheme or an investment trust savings scheme; or</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>(d) a person who issues or manages the relevant assets of the issuer of a structured capital-at-risk product; or</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>(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</td>
<td>Entire section</td>
</tr>
<tr>
<td></td>
<td>(2) a firm in whom the rights and obligations of the lender under a regulated mortgage contract are vested.</td>
<td>The provisions governing performance data reports in SUP 16.11 and SUP 16 Annex 21</td>
</tr>
<tr>
<td>SUP 16.12</td>
<td>A firm undertaking the regulated activities as listed in SUP 16.12.4 R, unless exempted in SUP 16.12.1 G</td>
<td>Sections as relevant to regulated activities as listed in SUP 16.12.4 R</td>
</tr>
<tr>
<td>SUP 16.14</td>
<td>A CASS large firm and a CASS medium firm</td>
<td>Entire section</td>
</tr>
<tr>
<td>SUP 16.18</td>
<td>A full-scope UK AIFM and a small authorised UK AIFM</td>
<td>SUP 16.8.3 R</td>
</tr>
<tr>
<td>SUP 16.20</td>
<td>An IFPRU 730k firm and a qualifying parent undertaking that is required to send a recovery plan, a group recovery plan or information for a resolution plan to the FCA</td>
<td>Entire Section</td>
</tr>
<tr>
<td>SUP 16.23</td>
<td>A firm subject to the Money Laundering Regulations and within the scope of SUP 16.23.1R</td>
<td>Entire Section</td>
</tr>
<tr>
<td>SUP 16.23A</td>
<td>A firm undertaking the regulated activities in SUP 16.23A.1R, including all incoming EEA firms or incoming Treaty firms (including those providing cross border services and undertaking the same activities)</td>
<td>Entire section</td>
</tr>
</tbody>
</table>
(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;

(d) whether a firm is an incoming EEA firm or incoming Treaty firm; and

(e) the regulated activities the firm undertakes.

16.1.4 G

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

(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.

[deleted]
16.3 General provisions on reporting

Application

16.3.1 The effect of [SUP 16.1.1 R is that this section applies to every firm except:

(1) an ICVC;

(2) an incoming EEA firm or incoming Treaty firm, which is not:
   (a) a firm of a type listed in [SUP 16.1.3 R as a firm to which section
       [SUP 16.6 or [SUP 16.12 applies;
   (b) an insurer with permission to effect or carry out life policies;

(3) a UCITS qualifier.

Structure of the chapter

16.3.2 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) annual appointed representatives reports ([SUP 16.9);

(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);
(16) reporting under the MCD Order for CBTL firms (SUP 16.21);
(17) reporting under the Payment Accounts Regulations (SUP 16.22);
(18) annual financial crime reporting (SUP 16.23);
(18A) employers’ liability register compliance reporting (SUP 16.23A);
(19) retirement income data reporting (SUP 16.24);
(20) claims management reporting (SUP 16.25); and
(21) Directory persons information reporting (SUP 16.26).

16.3.3 The annual controllers, annual close links, persistency and annual appointed representatives reports sections are the same for all categories of firm to which they apply.

16.3.4 The compliance section is set out by category of firm, with detailed requirements set out in tables giving:

   (1) a brief description of each report;
   (2) the frequency with which the report is required; and
   (3) the due date for submission of the report.

16.3.5 Further requirements about the reports, such as form and content, are set out in the sections for each category of firm, 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.

How to submit reports

16.3.6 A periodic report required to be submitted under this chapter, or under any other rule, must be submitted in writing in accordance with SUP 16.3.7 R to SUP 16.3.10 G, unless:

   (1) a contrary intention appears; or
   (2) the report is required under the listing rules.

16.3.7 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
A written report must be delivered to the FCA by one of the methods listed in SUP 16.3.9 R.

Method of submission of reports (see SUP 16.3.8 R)

<table>
<thead>
<tr>
<th>Method of delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Post or hand deliver to the published address of the FCA for submission of reports. If hand delivering mark the report for the attention of ‘Central Reporting’ and obtain a dated receipt.</td>
</tr>
<tr>
<td>2. [deleted]</td>
</tr>
<tr>
<td>3. Electronic mail to the published e-mail address of the FCA’s Central Reporting team.</td>
</tr>
<tr>
<td>4. Online submission via the appropriate systems accessible from the FCA website</td>
</tr>
</tbody>
</table>

The published address of the FCA for postal submission of reports is:

Central Reporting
The Financial Conduct Authority
PO BOX 35747
London E14 5WP

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.

The current published email address for the FCA’s Central Reporting team is 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 §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 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 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 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 (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 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
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.

Notifications regarding financial information reporting under the EU CRR

Underwriting agents: submission to the Society of Lloyd’s

Service of Notices Regulations

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

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)

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).

Reports from groups

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;
6. reporting in relation to defined liquidity groups under §SUP 16.12.
16.4 Annual controllers report

Application

16.4.1 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 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 This section may be of relevance to non-directive firms.

16.4.3 Requirements for notifications of a change in control can be found in § SUP 11 (Controllers and close links).

Purpose

16.4.4 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)).

Reporting requirement

16.4.5 **R**

(1) [deleted]

(2) [deleted]

(3) [deleted]

(4) [deleted]

(4A) [deleted]

(4B) [deleted]

(5) [deleted]

(6) A firm 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 firm’s accounting reference date.

16.4.6 **G**

[deleted]

16.4.7 **G** If a group includes more than one firm, a single annual controllers 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 them, 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.

16.4.8 **G** [deleted]

16.4.9 **G** Firms are reminded of the requirement in ■ SUP 11.4.10 R to take reasonable steps to keep themselves informed about the identity of their controllers.

Exceptions: mutuals and building societies

16.4.10 **R** If a firm is a mutual or a building society, then it is required to submit a report under ■ SUP 16.4.5 R only if it is aware that it has a controller.

16.4.11 **R** In ■ SUP 16.4.5 R and ■ SUP 16.4.10 R, a building society may regard a person as not being a controller if that person is exempt from the obligation to notify a change in control under The Financial Services and Markets Act 2000 (Controllers) (Exemption) Order 2009 (SI 2009/774) (see ■ SUP 11.3.2A G (2)).
Exception: insurers

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 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 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 an EEA State, whether those foreign provisions, or any deficiency in their enforcement, would prevent the appropriate regulator’s effective supervision of the firm.

16.5.3 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

1. [deleted]
2. [deleted]
A firm must submit a report to the appropriate regulator annually by completing the Close Links Annual Report in SUP 16 Annex 36A which must be sent electronically to the appropriate regulator within four months of the firm’s accounting reference date.

If a group includes more than one firm, a single close links notification may be made by completing the Annual Close Links Report 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.

If a group includes more than one firm, a single annual close links 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 them, 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.

If a firm is an unincorporated friendly society, then it is only required to submit a report under SUP 16.5.4 R if it is aware that it has close links.
16.6 Compliance reports

Application

16.6.1 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 Applicable provisions of this section (see SUP 16.6.1 G)

<table>
<thead>
<tr>
<th>Category of firm</th>
<th>Applicable provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>SUP 16.6.4 R - SUP 16.6.5 R</td>
</tr>
<tr>
<td>Depositary of an authorised fund</td>
<td>SUP 16.6.6 R - SUP 16.6.11R</td>
</tr>
</tbody>
</table>

Purpose

16.6.3 [deleted]

16.6.3A 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 [deleted]

Banks

16.6.4 A bank must submit compliance reports to the FCA.

16.6.5 Compliance reports from a bank (see SUP 16.6.4 R)
### Depositories of authorised funds

**16.6.6** A depositary of an authorised fund must submit compliance reports in accordance with SUP 16.6.7 R.

**16.6.7** Compliance reports from depositaries of authorised funds (see SUP 16.6.6R)

<table>
<thead>
<tr>
<th>Report</th>
<th>Frequency</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of all overseas regulators for each legal entity in the firm's group</td>
<td>Annually</td>
<td>6 months after the firm’s accounting reference date</td>
</tr>
<tr>
<td>Organogram showing the authorised entities in the firm's group</td>
<td>Annually</td>
<td>6 months after the firm’s accounting reference date</td>
</tr>
</tbody>
</table>

**Note:** The quarter ends are 31 March, 30 June, 30 September and 31 December.

**16.6.8**

(1) [deleted]

(1A) The breach report from a depositary of an authorised fund to the FCA must include, for each authorised fund for which it is a depositary:

(a) details of all breaches of COLL or FUND, which came to the depositary’s attention or which were reported to the depositary 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 depositary, 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 depositary 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 depositary;
   (ii) its recommendations; and
   (iii) the authorised fund manager’s response and comments, where available.

(2) [deleted]

(2A) [deleted]

(3) [deleted]

16.6.9 [deleted]

16.6.10 (1) A depositary 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 month, only a single entry in the form is required. Under SUP 16.6.8R(1A)(b) a depositary should report changes to the reported details of existing breaches.

(2) A separate line should be entered on the form for each rule breached. For example, a breach of the investment limits in COLL 5.2.11R that results in incorrect pricing of the scheme contrary to COLL 6.3.3R should be recorded as two entries, with the same reference.

(3) Under SUP 16.6.8R(1A)(c) a depositary should report all breaches that have been closed during the previous month. A breach can be closed in a number of ways. For example:
   (a) A breach that does not involve changes to systems and controls may be considered closed when, in the opinion of the depositary, the authorised fund manager has taken all necessary action to rectify the breach.
   (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 depositary, the authorised fund manager has implemented an effective temporary control to resolve the issue, taking into account the interests of Unitholders.

(4) A depositary should not consider a breach closed until any applicable compensation has been paid to the scheme and/or to Unitholders.

16.6.11 (1) A depositary must submit its breach report under SUP 16.6.8R(1A) using the form REP011 in SUP 16 Annex 12AR.

(2) A depositary must submit its oversight report under SUP 16.6.8R(1B) using the form REP012 in SUP 16 Annex 12AR.
(3) A *depositary* must submit the forms in SUP 16 Annex 12AR:

(a) online through the appropriate systems accessible from the FCA’s website; or

(b) if the appropriate systems are unavailable, via email to fundsupervision@fca.org.uk.
16.7A Annual report and accounts

Application
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. an incoming EEA firm with permission for cross border services only;
2. an incoming EEA firm in relation to its carrying on of bidding in emissions auctions;
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
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
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.
Exceptions from the requirement to submit an annual report and accounts

(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.
16.7A.5 **Requirement to submit annual report and accounts for mixed activity holding companies**

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.

<table>
<thead>
<tr>
<th>(1) RAG</th>
<th>(2) Firm type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>UK bank</td>
</tr>
<tr>
<td>3</td>
<td>IFPRU investment firm BIPRU firm</td>
</tr>
<tr>
<td>4</td>
<td>IFPRU investment firm BIPRU firm</td>
</tr>
<tr>
<td>7</td>
<td>IFPRU investment firm BIPRU firm</td>
</tr>
</tbody>
</table>

16.7A.6 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 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 Firms must submit their annual report and accounts in accordance with SUP 16.7A.3 R within the following deadlines:

1. for a non-EEA 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

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 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 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 (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 (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

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

In this section, and in SUP 16 Annex 6:

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 x 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.

Example of calculation of persistency rate for life policies that commenced during 1996 (see ▭ SUP 16.8.3 R)
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  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  (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  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  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  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.
In circumstances where a firm has no data to report in one or both of the life policies and stakeholder pensions sections of SUP 16 Annex 6R, a firm must submit a nil return using the relevant field(s) in the form.

If the term of an endowment assurance is less than five years, the life policy must only be included in a persistency report in respect of years up to and including the anniversary prior to maturity.

Life policies and stakeholder pensions to be treated as in force

Subject to SUP 16.8.17 R and SUP 16.8.18 R, a life policy or stakeholder pension must be treated as in force at the end of Y-1 (that is, included in CF) if and only if:

1. in the case of a regular premium life policy:
   a. in the case of an industrial assurance policy on which the premiums are paid at intervals of four weeks, the premium has been paid in respect of the four-week period in which the policy anniversary falls; or
   b. in any other case, the premium has been paid in respect of the month in which the policy anniversary falls;

2. in the case of a single premium life policy, the policy has not been surrendered as at the policy anniversary;

3. in the case of a regular premium stakeholder pension:
   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;
   b. [deleted]

4. in the case of a single premium stakeholder pension:
   a. for a report required by SUP 16.8.3 R (2)(a), the contract has not been surrendered as at the contract anniversary.
   b. [deleted]

A cluster life policy must be reported as a single life policy and must be treated as in force (that is included in CF) even if some of the constituent life policies have been terminated.

An income withdrawal that has terminated other than by death of the policyholder must be treated as not in force at the end of Y-1 (that is, not included in CF).

Contents of the persistency or data report

(1) [deleted]

(2) [deleted]

(3) [deleted]
A persistency report on life policies and stakeholder pensions must be in the format of SUP 16 Annex 6R.

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.

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.

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.
16.9 Appointed representatives annual report

[deleted]

Readers should refer to the requirements set out in SUP 12.7 (Notification requirements).
16.10 Verification of firm details

Application
16.10.1 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 account fund operator.

Purpose
16.10.2 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 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 (1) Within 30 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 the appropriate form set out in SUP 15 Ann 3 and in accordance with SUP 16.10.4A R.

16.10.4-A [deleted]

16.10.4A R

(1) A firm other than:
   (a) a credit union; or
   (b) an FCA-authorised person with permission to carry on only credit-related regulated activity;
must submit any corrected firm details under SUP 16.10.4R (3) using the appropriate online systems available from the FCA’s website.

(2) A credit union or a firm with permission to carry on only credit-related regulated activity must submit any corrected firm details under SUP 16.10.4R (3):
   (a) to firm.details@fca.org.uk or via post or hand delivery to the FCA marked for the attention of the ‘Customer Contact Centre’; 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 or via post or hand delivery to the FCA marked for the attention of the ‘Customer Contact Centre’.

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** 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, to a **firm**:

(a) in which the rights and obligations of the lender under a *regulated mortgage contract* are vested; or

(b) which is a *P2P platform operator* which facilitates entry into a *regulated mortgage contract* where the lender does not require permission to enter into the transaction.

#### Purpose

**16.11.2** 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.

### Reporting requirement

**16.11.3** 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.

(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.

**16.11.4** 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** 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 (but not further advances);
(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 A data report must comply with the provisions of SUP 16 Annex 21R.

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.
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**

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

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) an incoming EEA firm with permission for cross border services only;
- (1A) an incoming EEA firm in relation to its carrying on of bidding in emissions auctions;
- (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

(1) Principle 4 requires firms to maintain adequate financial resources. The Interim Prudential sourcebooks, BIPRU, GENPRU and IFPRU 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.
(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.

**Reporting requirement**

16.12.3

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 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; 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  

(1) *Investment firms* subject to the *EU CRR* should refer to any relevant technical standards to determine their specific reporting obligations, as those obligations may extend beyond those specified in this chapter.

(2) Where a *firm* submits a *data item* pursuant any applicable provision of the *EU CRR* any *data item* with the same name and purpose does not have to be submitted again regardless of RAG.

16.12.3-B  

In relation to an *investment firm* subject to the *EU CRR*, where an expression appearing in italics in this chapter is also used in the *EU CRR*, the italicised expression:

(1) has the same meaning as the corresponding expression used in the *EU CRR*; or

(2) is interpreted in the context of the risk or requirement in the *EU CRR* that corresponds to the risk or requirement referred to in the italicised expression.

16.12.3A  

[deleted]

16.12.3B  

*Firms’* attention is drawn to ▲SUP 16.3.25 G regarding a single submission for all *firms* in the group.

16.12.4  

Table of applicable rules containing *data items*, frequency and submission periods

<table>
<thead>
<tr>
<th>RAG number</th>
<th>Regulated Activities</th>
<th>Provisions containing:</th>
<th>reporting frequency/due date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>applicable data items</td>
<td>period due date</td>
</tr>
<tr>
<td>RAG 1</td>
<td>• accepting deposits • meeting of repayment claims managing dormant account funds (including the investment of such funds)</td>
<td>RAG 1 firms should complete their prudential reporting requirements as set out in the <em>PRA Rulebook</em>.</td>
<td></td>
</tr>
<tr>
<td>RAG 2.1</td>
<td>• effecting contracts of insurance • carrying out contracts of insurance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[deleted]
<table>
<thead>
<tr>
<th>RAG number</th>
<th>Regulated Activities</th>
<th>Provisions containing:</th>
<th>Reporting frequency/period</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RAG 2.2</strong></td>
<td>• entering as provider into a funeral plan contract</td>
<td>Sup 16.12.9 R</td>
<td>Sup 16.12.9 R</td>
<td>Sup 16.12.9 R</td>
</tr>
<tr>
<td></td>
<td>• managing the underwriting capacity of a Lloyds syndicate as a managing agent at Lloyds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• advising on syndicate participation at Lloyds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• arranging deals in contracts of insurance written at Lloyds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RAG 3</strong></td>
<td>• dealing in investment as principal</td>
<td>Sup 16.12.10 R</td>
<td>Sup 16.12.10 R</td>
<td>Sup 16.12.10 R</td>
</tr>
<tr>
<td></td>
<td>• advising on investments (except P2P agreements) (excluding retail investment activities)</td>
<td>Sup 16.12.10 R except FSA001 and FSA002 on consolidated basis for FINREP firms</td>
<td>Sup 16.12.10 R</td>
<td>Sup 16.12.11 R</td>
</tr>
<tr>
<td></td>
<td>• arranging (bringing about) deals in investments (excluding retail investment activities)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• advising on P2P agreements (when carried on exclusively with or for</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RAG number</td>
<td>Regulated Activities</td>
<td>Provisions containing: applicable data items</td>
<td>reporting frequency/period</td>
<td>due date</td>
</tr>
<tr>
<td>------------</td>
<td>----------------------</td>
<td>---------------------------------------------</td>
<td>---------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>RAG 4</td>
<td>Professional clients) • managing investments • 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 UCITS • operating an electronic system in relation to lending (FCA-authorised persons only)</td>
<td>SUP 16.12.14 R SUP 16.12.15 R, except FSA001 and FSA002 on consolidated basis for FIN-REP firms</td>
<td>SUP 16.12.14 R SUP 16.12.16 R SUP 16.12.17 R</td>
<td>SUP 16.12.14 R SUP 16.12.16 R SUP 16.12.17 R</td>
</tr>
</tbody>
</table>
### SUP 16 : Reporting requirements

#### Section 16.12 : Integrated Regulatory Reporting

<table>
<thead>
<tr>
<th>RAG number</th>
<th>Regulated Activities</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAG 6</td>
<td>Lender or provider does not require permission to enter into the transaction</td>
<td>SUP 16.12.19A R</td>
<td>SUP 16.12.20 R</td>
<td>SUP 16.12.21 R</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• safeguarding and administration of assets (without arranging)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• arranging safeguarding and administration of assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• acting as trustee or depositary of an AIF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• acting as trustee or depositary of a UCITS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RAG 7</td>
<td>Retail investment activities</td>
<td>SUP 16.12.22A R except FSA001 and FSA002 on consolidated basis for FIN-REP firms</td>
<td>SUP 16.12.23A R</td>
<td>SUP 16.12.24AR</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• advising on P2P agreements (except when carried on exclusively with or for professional clients)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• advising on pensions transfers &amp; opt-outs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• arranging (bringing about deals) in retail investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Regulated Activity Group 1

**16.12.4B** Reporting at group level for liquidity purposes by firms falling within BIPRU 12 (Liquidity) is by reference to defined liquidity groups. Guidance about the different types of defined liquidity groups and related material is set out in SUP 16 Annex 26 (Guidance on designated liquidity groups in SUP 16.12).

<table>
<thead>
<tr>
<th>RAG number</th>
<th>Regulated Activities</th>
<th>Provisions containing:</th>
<th>reporting frequency/period</th>
<th>due date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>applicable data items</td>
<td></td>
</tr>
<tr>
<td>16.12.25CR</td>
<td>to transactions in investments</td>
<td></td>
<td>reporting frequency/period</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• operating a multilateral trading facility</td>
<td></td>
<td>reporting frequency/period</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• operating an organised trading facility</td>
<td></td>
<td>reporting frequency/period</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• insurance mediation activity (non-investment insurance contracts)</td>
<td></td>
<td>SUP 16.12.28A R</td>
<td>SUP 16.12.28A R</td>
</tr>
</tbody>
</table>

### Group liquidity reporting

**16.12.5** [deleted]

**16.12.6** [deleted]

**16.12.7** [deleted]
### Regulated Activity Group 2.2

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.

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Frequency</th>
<th>Submission deadline</th>
<th>Description of data item</th>
<th>Frequency</th>
<th>Submission deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly reporting statement</td>
<td>Quarterly</td>
<td>15 business days after the quarter end</td>
<td>Annual Lloyd's return</td>
<td>Annually</td>
<td>6 months after the Society's accounting reference date</td>
</tr>
<tr>
<td>Balance Sheet FSA001 (notes 15, 20) or FSA029</td>
<td>Quarterly or half yearly</td>
<td>(note 14)</td>
<td>Syndicate accounts and reports (note 2)</td>
<td>Annually</td>
<td>6 months after the Society's accounting reference date</td>
</tr>
<tr>
<td>Income Statement FSA002 (note20), or FSA030</td>
<td>Quarterly or half yearly (note 14)</td>
<td>(note 14)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Member’s adviser | the Society (note 1)
---|---
**Capital Adequacy**
FSA003 (notes 4, 20) or
FSA033 (note 12) or
FSA034 (note 13) or
FSA035 (note 13) | Monthly, quarterly or half yearly (note 14) (note 14)
Quarterly (note 14) (note 14)
Quarterly (note 14) (note 14)
Quarterly (note 14) (note 14)
**Credit Risk**
FSA004 (notes 5, 20) | Quarterly or half yearly (note 14) (note 14)
Quarterly or half yearly (note 14) (note 14)
**Market Risk**
FSA005 (notes 6, 20) | Quarterly or half yearly (note 14) (note 14)
**Large Exposures**
FSA008 (Notes 20, 21) | Quarterly 20 business days (note 19)

**Note 1** The Society must prepare its reports in the format specified in IPRU(INS) Appendix 9.11, unless Note 2 applies.

**Note 2** The Society 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 firms subject to IPRU(INV) 4 report data item FSA003.

**Note 5** This applies to a firm that is required to submit data item FSA003 and, at anytime within the 12 months up to its latest accounting reference date ("the relevant period"), was reporting data item FSA004 ("Firm A") or not reporting this item ("Firm B").

In the case of Firm A it must report this data item if one or both of its last two submissions in the relevant period show that the threshold was exceeded.
### Member’s adviser | the Society (note 1)
---|---
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.

The threshold is exceeded where *data element 77A* in *data item* FSA003 is greater than £10 million, or its currency equivalent, at the relevant reporting date for the *firm*.

This applies to a *firm* that is required to submit *data item* FSA003 and, at anytime within the 12 *months* up to its latest *accounting reference date* (“the relevant period”), was reporting *data item* FSA005 (“Firm A”) or not reporting this item (“Firm B”).

In the case of Firm A it must report this *data item* if one or both of its last two submissions in the relevant period show that the threshold was exceeded.

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.

The threshold is exceeded where *data element 93A* in *data item* FSA003 is greater than £50 million, or its currency equivalent, at the relevant reporting date for the *firm*.

Note 6
- [deleted]
- [deleted]
- [deleted]

Note 12
- FSA033 is only applicable to *firms* subject to *IPRU*(INV) 3.

Note 13
- Only applicable to *firms* subject to *IPRU*(INV) 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 14
- *BIPRU firms* report half yearly on 30 *business days* submission.
- All UK *consolidation group* reports report half yearly on 45 *business days* submission. All other *firms* report monthly on 20 *business days* submission.

Note 15
- This *data item* only applies to *BIPRU firms*.

Note 16
- [deleted]

Note 17
- [deleted]

Note 18
- [deleted]

Note 19
- *UK consolidation group* reports have 45 *business days* submission.

Note 20
- *Firms* that are members of a *UK consolidation group* are also required to submit FSA001, FSA002, FSA003, FSA004, FSA005 and FSA008 on a *UK consolidation group* basis.
A member's adviser that is also an IFPRU investment firm will also fall under one of the higher number RAGs that apply to IFPRU 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

1. **Note 21** This will not be applicable to BIPRU firms.

The applicable data items referred to in Section 16.12.4 R are set out according to firm type in the table below:

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Firms' prudential category and applicable data items (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFPRU investment firms and BIPRU firms</td>
</tr>
<tr>
<td></td>
<td>IFPRU BIPRU</td>
</tr>
<tr>
<td>Solvency statement</td>
<td>No standard format (note 11)</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>FSA001/FIN-REP (note 36) FSA001 (Note 2)</td>
</tr>
<tr>
<td></td>
<td>FSA029 (Note 18) FSA029 FSA029 (note 15) or Section A</td>
</tr>
<tr>
<td></td>
<td>RMAR (note 15)</td>
</tr>
</tbody>
</table>
### SUP 16 : Reporting
#### Section 16.12 : Integrated Regulatory Reporting

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Firms' prudential category and applicable data items (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFPRU investment firms</td>
</tr>
<tr>
<td></td>
<td>IFPRU</td>
</tr>
<tr>
<td>Income statement</td>
<td>FSA002/FINREP (note 36)</td>
</tr>
<tr>
<td>Capital adequacy</td>
<td>COREP (Note 36)</td>
</tr>
<tr>
<td>Supplementary capital data for collective portfolio management investment firms</td>
<td>FIN067 (Note 35)</td>
</tr>
<tr>
<td>Credit risk</td>
<td>COREP (Note 36)</td>
</tr>
<tr>
<td>Market risk</td>
<td>COREP (Note 36)</td>
</tr>
<tr>
<td>Market risk - supplementary</td>
<td>FSA006 (Note 5)</td>
</tr>
<tr>
<td>Operational risk</td>
<td>COREP (Note 36)</td>
</tr>
<tr>
<td>Large exposures</td>
<td>COREP (Note 36)</td>
</tr>
<tr>
<td>Exposures between core UK group</td>
<td>FSA018 (note 12)</td>
</tr>
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</table>
### Firms' prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
<th>IPRU(-INV) Chapter 3</th>
<th>IPRU(-INV) Chapter 5</th>
<th>IPRU(-INV) Chapter 9</th>
<th>IPRU(-INV) Chapter 13</th>
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</thead>
<tbody>
<tr>
<td>and non-core large exposures group</td>
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<tr>
<td>Solo consolidation data</td>
<td>FSA016 (note 25)</td>
<td>FSA016 (Note 25)</td>
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<tr>
<td>Pillar 2 questionnaire</td>
<td>FSA019 (note 8)</td>
<td>FSA019 (Note 8)</td>
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<tr>
<td>Non-EEA sub-group</td>
<td>COREP (Note 36)</td>
<td>FSA028 (Note 9)</td>
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<tr>
<td>Threshold conditions</td>
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</tr>
<tr>
<td>Client money and client assets</td>
<td>FSA039</td>
<td>FSA039</td>
<td>FSA039 (note 18)</td>
<td>FSA039</td>
<td>FSA039</td>
<td>FSA039</td>
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<tr>
<td>CFTC</td>
<td>FSA040 (note 24)</td>
<td>FSA040 (Note 24)</td>
<td>FSA040 (note 24)</td>
<td>FSA040 (note 24)</td>
<td>FSA040 (note 24)</td>
<td>FSA040 (note 24)</td>
</tr>
<tr>
<td>IRB portfolio risk</td>
<td>FSA045 (note 22)</td>
<td>FSA045 (Note 22)</td>
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</tr>
<tr>
<td>Securitisation: non-trading book</td>
<td>COREP (Note 36)</td>
<td>FSA046 (Note 23)</td>
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<tr>
<td>Daily Flows</td>
<td>FSA047/CO-REP (Notes 26, 29, 31, 33, and 36)</td>
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<tr>
<td>Enhanced Mis-</td>
<td>FSA048/CO-REP (Notes 26, 29, 31,</td>
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### SUP 16 : Reporting requirements

#### Section 16.12 : Integrated Regulatory Reporting

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
<th>IPRU(-INV) Chapter 3</th>
<th>IPRU(-INV) Chapter 5</th>
<th>IPRU(-INV) Chapter 9</th>
<th>IPRU(-INV) Chapter 13</th>
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</thead>
<tbody>
<tr>
<td>match Report</td>
<td></td>
<td>33, and 36</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Liquidity Buffer</td>
<td>FSA050/CO-REP (Notes 27, 30, 31, 33, and 36)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualifying Securities</td>
<td></td>
<td>33, and 36</td>
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<td></td>
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<tr>
<td>Funding Concentration</td>
<td>FSA051/CO-REP (Notes 27, 30, 31, 33, and 36)</td>
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<td></td>
</tr>
<tr>
<td>Pricing data</td>
<td>FSA052/CO-REP (Notes 27, 31, 33, 34, and 36)</td>
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<td></td>
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<tr>
<td>Retail and corporate funding</td>
<td>FSA053/CO-REP (Notes 27, 30, 31, 33, and 36)</td>
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<tr>
<td>Currency Analysis</td>
<td>FSA054/CO-REP (Notes 27, 30, 31, 33, and 36)</td>
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<tr>
<td>Systems and Controls Questionnaire</td>
<td>FSA055/CO-REP (Notes 28 and 33)</td>
<td></td>
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</tr>
<tr>
<td>Securitisation: trading book</td>
<td>COREP (Note 36)</td>
<td></td>
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</tr>
<tr>
<td>Liquidity Questionnaire</td>
<td>MLA-M (Note 37)</td>
<td>MLA-M (Note 37)</td>
<td>MLA-M (Note 37)</td>
<td>MLA-M (Note 37)</td>
<td>MLA-M (Note 37)</td>
<td>MLA-M (Note 37)</td>
</tr>
</tbody>
</table>

**Note 1** All firms, except IFPRU investment firms in relation to data items reported under the EU CRR, when submitting the completed data item required, a firm must 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** Firms that are members of a UK consolidation group are also required to submit this report on a UK consolidation group basis.
<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Firms’ prudential category and applicable data items (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFPRU investment firms and BIPRU firms</td>
</tr>
<tr>
<td></td>
<td>IFPRU Investment firms</td>
</tr>
<tr>
<td></td>
<td>Chapter 3</td>
</tr>
</tbody>
</table>

**Note 3**
This applies to a *firm* that is required to submit *data item* FSA003 and, at any time within the 12 *months* up to its latest *accounting reference date* ("the relevant period"), was reporting *data item* FSA004 ("Firm A") or not reporting this item ("Firm B").

In the case of Firm A it must report this *data item* if one or both of its last two submissions in the relevant period show that the threshold was exceeded.

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.

The threshold is exceeded where *data element* 77A in *data item* FSA003 is greater than £10 million, or its currency equivalent, at the relevant reporting date for the *firm*.

**Note 4**
This applies to a *firm* that is required to submit *data item* FSA003 and, at any time within the 12 *months* up to its latest *accounting reference date* ("the relevant period"), was reporting *data item* FSA005 ("Firm A") or not reporting this item ("Firm B").

In the case of Firm A it must report this *data item* if one or both of its last two submissions in the relevant period show that the threshold was exceeded.

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.

The threshold is exceeded where *data element* 93A in *data item* FSA003 is greater than £50 million, or its currency equivalent, at the relevant reporting date for the *firm*.

**Note 5**
Only applicable to *firms* with a *VaR model permission*.

**Note 6**
[deleted]

**Note 7**
[deleted]

**Note 8**
Only applicable to *IFPRU investment firms* and *BIPRU firms* that:

(a) are subject to consolidated supervision under BIPRU 8, except those that are either included within the consolidated supervision of a group that includes a UK *credit institution*, or that have been granted a *investment firm consolidation waiver*; or

(b) have been granted an *investment firm consolidation waiver*; or

(c) are not subject to consolidated supervision under BIPRU 8.

An *IFPRU investment firm* and a *BIPRU firm* under (a) must complete the report on the basis of its UK *consolidation group*. An *IFPRU investment firm* and a *BIPRU firm* under (b) or (c) must complete the report on the basis of its solo position.
### Firms' prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
<th>IFPRU (INV) Chapter 3</th>
<th>IFPRU (INV) Chapter 5</th>
<th>IFPRU (INV) Chapter 9</th>
<th>IFPRU (INV) Chapter 13</th>
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<tbody>
<tr>
<td>Note 9</td>
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<tr>
<td>This will be applicable to firms that are members of a <strong>UK consolidation group</strong> on the reporting date.</td>
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<tr>
<td>Note 10</td>
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</tr>
<tr>
<td>Note 11</td>
<td>Only applicable to a firm that is a <strong>sole trader</strong> or a <strong>partnership</strong>, when the report must be submitted by each partner.</td>
<td></td>
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<tr>
<td>Note 12</td>
<td>This is only applicable to a <strong>firm</strong> that has both a <strong>core UK group</strong> and a <strong>non-core large exposures group</strong>.</td>
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<tr>
<td>Note 13</td>
<td>[deleted]</td>
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<tr>
<td>Note 14</td>
<td>FSA034 must be completed by a <strong>firm</strong> not subject to the exemption in <a href="#">IPRU(INV) 5.4.2R</a>, unless it is a <strong>firm</strong> whose permitted business includes <em>establishing, operating or winding up a personal pension scheme</em>, in which case FIN071 must be completed.</td>
<td></td>
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</tr>
<tr>
<td>Note 15</td>
<td>FSA029, FSA030, FSA032 and FSA039 only apply to a <strong>firm</strong> subject to <a href="#">IPRU(INV) Chapter 13</a> which is an <strong>exempt CAD firm</strong>. Sections A, B, C, D1, D2 and F RMAR only apply to a <strong>firm</strong> subject to <a href="#">IPRU(INV) Chapter 13</a> which is not an <strong>exempt CAD firm</strong>.</td>
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<tr>
<td>Note 16</td>
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</tr>
<tr>
<td>Note 17</td>
<td>An <strong>exempt BIPRU commodity firm</strong> will, by virtue of the definition of BIPRU TP 15, be exempt from completing FSA003 (and thus FSA004, FSA005, FSA006 and FSA007) for the duration of the transitional provision. It is however required to submit all other <strong>data items</strong> applicable according to the firm's <strong>BIPRU</strong> classification including, for the avoidance of doubt, BIPRU TP 16.</td>
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<tr>
<td>Note 18</td>
<td>Except if the <strong>firm</strong> is an <strong>adviser</strong> (as referred to in <a href="#">IPRU(INV) 3-60(4)R</a>).</td>
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<tr>
<td>Note 19</td>
<td>[deleted]</td>
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<tr>
<td>Note 20</td>
<td>Only required in the case of an <strong>adviser</strong> (as referred to in <a href="#">IPRU(INV) 3-60(4)R</a>) that is a <strong>sole trader</strong>.</td>
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<tr>
<td>Note 21</td>
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<tr>
<td>Note 22</td>
<td>Only applicable to <strong>firms</strong> that have an <strong>IRB permission</strong>.</td>
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<tr>
<td>Note 23</td>
<td>Only applicable to <strong>firms</strong> that hold <strong>securitisation positions</strong>, or are the <strong>originator or sponsor of securitisations of non-trading book exposures</strong>.</td>
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<tr>
<td>Note 24</td>
<td>Only applicable to <strong>firms</strong> granted a <strong>Part 30 exemption order</strong> and operating an arrangement to cover forward profits on the London Metals Exchange.</td>
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<tr>
<td>Note 25</td>
<td>Only applicable to a <strong>firm</strong> that has a <strong>solo consolidation waiver</strong>.</td>
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</tr>
<tr>
<td>Description of data item</td>
<td>IFPRU investment firms and BIPRU firms</td>
<td>Firms other than BIPRU firms or IFPRU investment firms</td>
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<tr>
<td></td>
<td>IFPRU(BIPRU)</td>
<td>IFPRU(-INV) Chapter 3 IFPRU(-INV) Chapter 5 IFPRU(-INV) Chapter 9 IFPRU(-INV) Chapter 13</td>
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</tr>
</tbody>
</table>

Note 26 A firm must complete this item separately on each of the following bases (if applicable).

(1) It must complete it on a solo basis. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.

(2) If it is a group liquidity reporting firm in a DLG by default and is a UK lead regulated firm, it must complete the item on the basis of that group.

(3) If it is a group liquidity reporting firm in a UK DLG by modification, it must complete the item on the basis of that group.

(4) If it is a group liquidity reporting firm in a non-UK DLG by modification, it must complete the item on the basis of that group.

Note 27 A firm must complete this item separately on each of the following bases that are applicable.

(1) It must complete it on a solo basis unless it is a group liquidity reporting firm in a UK DLG by modification. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.

(2) If it is a group liquidity reporting firm in a UK DLG by modification, it must complete the item on the basis of that group.

Note 28 If it is a non-ILAS BIPRU firm, it must complete it on a solo basis. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.

Note 29 (1) This item must be reported in the reporting currency.

(2) If any data element is in a currency or currencies other than the reporting currency, all currencies (including the reporting currency) must be combined into a figure in the reporting currency.

(3) In addition, all material currencies (which may include the reporting currency) must each be recorded separately (translated into the reporting currency). However if:

(a) the reporting frequency is (whether under a rule or under a waiver) quarterly or less than quarterly; or

(b) the only material currency is the reporting currency;

(3) does not apply.

(4) If there are more than three material currencies for this data item, (3) only applies to the three largest in amount. A firm must identify the largest in amount in accordance with the following procedure.

(a) For each currency, take the largest of the asset or liability figure as referred to in the definition of material currency.

(b) Take the three largest figures from the resulting list of amounts.
### Firms’ prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
<th>IPRU(-INV) Chap 3</th>
<th>IPRU(-INV) Chap 5</th>
<th>IPRU(-INV) Chap 9</th>
<th>IPRU(-INV) Chap 13</th>
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</thead>
<tbody>
<tr>
<td>(5) The date as at which the calculations for the purposes of the definition of material currency are carried out is the last day of the reporting period in question.</td>
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<tr>
<td>(6) The reporting currency for this data item is whichever of the following currencies the firm chooses, namely USD (the United States Dollar), EUR (the euro), GBP (sterling), JPY (the Japanese Yen), CHF (the Swiss Franc), CAD (the Canadian Dollar) or SEK (the Swedish Krona).</td>
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</table>

**Note**

- Note 30: Note 29 applies, except that paragraphs (3), (4) and (5) do not apply, meaning that material currencies must not be recorded separately.
- Note 31: Any changes to reporting requirements caused by a firm receiving an intra-group liquidity modification (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements for the data item in question if the firm receives that intra-group liquidity modification or variation part of the way through such a period. If the change is that the firm does not have to report a particular data item or does not have to report it at a particular reporting level, the firm must nevertheless report that item or at that reporting level for any reporting period that has already begun. This paragraph is subject to anything that the intra-group liquidity modification says to the contrary.
- Note 32: Only applicable to firms that hold securitisation positions in the trading book and/or are the originator or sponsor of securitisations held in the trading book.
- Note 33: FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054 must be completed by an ILAS BIPRU firm. An ILAS BIPRU firm does not need to complete FSA055. A non-ILAS BIPRU firm must complete FSA055 and does not need to complete FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054.
- Note 34: This data item must be reported only in the currencies named in FSA052, so that liabilities in GBP are reported in GBP in rows 1 to 4, those in USD are reported in USD in rows 5 to 8, and those in Euro are reported in Euro in rows 9 to 12. Liabilities in other currencies are not to be reported.
- Note 35: Only applicable to firms that are collective portfolio management investment firms.
- Note 36: Requirements under COREP and FINREP should be determined with reference to the EU CRR and applicable technical standards.
- Note 37: 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 its Part 4A permission was and continues to remain subject to a restriction preventing it from undertaking new home financing or home finance administration connected to regulated mortgage contracts.
The column in the table in [SUP16.12.11R](#) that deals with **IFPRU firms** covers some liquidity items that only have to be reported by an **ILAS BIPRU firm** (please see notes 28 and 33).

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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.

<table>
<thead>
<tr>
<th>Data Item</th>
<th>IFPRU 730K firm</th>
<th>IFPRU 125K firm and collective portfolio management firm</th>
<th>IFPRU 50K firm</th>
<th>BIPRU firm</th>
<th>Firm other than BIPRU firms or IFPRU investment firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>COREP/FINREP</td>
<td>Refer to EU CRR and applicable technical standards</td>
<td>Refer to EU CRR and applicable technical standards</td>
<td>Refer to EU CRR and applicable technical standards</td>
<td>Refer to EU CRR and applicable technical standards</td>
<td>Refer to EU CRR and applicable technical standards</td>
</tr>
<tr>
<td>Solvency statement</td>
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### Section 16.12: Integrated Regulatory Reporting

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| Note 1 | [deleted] |
| Note 2 | Annual regulated business revenue up to and including £5 million. |
| Note 3 | Annual regulated business revenue over £5 million. |
| Note 4 | The reporting date for this data item is six months after a firm's most recent accounting reference date. |
| Note 5 | Reporting frequencies and reporting periods for this data item are calculated on a calendar year basis and not from a firm's accounting reference date. In particular: |
| | (1) A week means the period beginning on Saturday and ending on Friday. |
| | (2) A month begins on the first day of the calendar month and ends on the last day of that month. |
| | (3) Quarters end on 31 March, 30 June, 30 September and 31 December. |
| | (4) Daily means each business day. |
| | All periods are calculated by reference to London time. |
| | Any changes to reporting requirements caused by a firm receiving an intra-group liquidity modification (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements if the firm receives that intra-group liquidity modification or variation part of the way through such a period, unless the intra-group liquidity modification says otherwise. |
| Note 6 | If the report is on a solo basis the reporting frequency is as follows: |
| | (1) if the firm does not have an intra-group liquidity modification the frequency is: |
Section 16.12: Integrated Regulatory Reporting

**Note 7**

(1) If the report is by reference to the *firm's DLG by default* the reporting frequency is:

(a) weekly if the *group liquidity standard frequency reporting conditions* are met;

(b) monthly if the *group liquidity low frequency reporting conditions* are met.

(2) If the report is by reference to the *firm's UK DLG by modification* the reporting frequency is:

(a) weekly if the *group liquidity standard frequency reporting conditions* are met;

(b) monthly if the *group liquidity low frequency reporting conditions* are met.

(3) If the report is by reference to the *firm's non-UK DLG by modification* the reporting frequency is quarterly.

**Note 8**

(1) If the reporting frequency is otherwise weekly, the item is to be reported on every *business day* if (and for as long as) there is a *firm-specific liquidity stress or market liquidity stress* in relation to the *firm* or group in question.

(2) If the reporting frequency is otherwise monthly, the item is to be reported weekly if (and for as long as) there is a *firm-spe-
Section 16.12: Integrated Regulatory Reporting

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### Note 9

If the report is on a solo basis the reporting frequency is as follows:

1. Weekly if the firm is a standard frequency liquidity reporting firm; and
2. Monthly if the firm is a low frequency liquidity reporting firm.

### Note 10

If the report is by reference to the firm’s UK DLG by modification the reporting frequency is:

1. Weekly if the group liquidity standard frequency reporting conditions are met;
2. Monthly if the group liquidity low frequency reporting conditions are met.

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**16.12.12A**

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.
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<tr>
<td>FIN071</td>
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<td>Section A RMAR</td>
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<tr>
<td>Section B RMAR</td>
<td>30 business days</td>
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<td></td>
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<tr>
<td>Section C RMAR</td>
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<td></td>
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</tr>
<tr>
<td>Section</td>
<td>30 business days</td>
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### SUP 16 : Reporting requirements

#### Section 16.12 : Integrated Regulatory Reporting

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<tr>
<th>Data Item</th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Half yearly</th>
<th>Annual</th>
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<tr>
<td>COREP/ FINREP</td>
<td>Refer to EU CRR and applicable technical standards</td>
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<tr>
<td>Section D1 RMAR</td>
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<td></td>
<td>ness days</td>
<td>ness days</td>
<td></td>
</tr>
<tr>
<td>Section F RMAR</td>
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<td></td>
<td>30 business days</td>
<td></td>
<td></td>
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<tr>
<td>MLA-M</td>
<td></td>
<td></td>
<td></td>
<td>20 business days</td>
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</tr>
</tbody>
</table>

**Note 1** For unconsolidated and solo-consolidated reports.
**Note 2** For UK consolidation group reports.
**Note 3** It is one Month if the report relates to a non-UK DLG by modification.

---

### 16.12.13A

[deleted]

### Regulated Activity Group 4

#### 16.12.14

(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

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)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Solvency statement</strong></td>
<td>No standard format</td>
<td>No standard format (Note 11)</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>FSA001/FSA001 (Note 2)</td>
<td>FSA029</td>
</tr>
<tr>
<td>Income statement</td>
<td>FSA002/FSA002 (Note 2)</td>
<td>FSA030</td>
</tr>
<tr>
<td>Capital adequacy</td>
<td>CO-REP (Note 34)</td>
<td>FSA003</td>
</tr>
<tr>
<td>Supplementary capital data for</td>
<td>FIN067 (Note 32)</td>
<td>FIN068</td>
</tr>
</tbody>
</table>
### Firms' prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
</tr>
</thead>
<tbody>
<tr>
<td>collective portfolio management investment firms</td>
<td>IFPRU- (INV) Chapter 3</td>
<td>BIPRU- (INV) Chapter 5</td>
</tr>
<tr>
<td>Credit risk</td>
<td>CO- REP (Note 34)</td>
<td>FSA004 (Notes 2, 3)</td>
</tr>
<tr>
<td>Market risk</td>
<td>CO- REP (Note 34)</td>
<td>FSA005 (Notes 2, 4)</td>
</tr>
<tr>
<td>Market risk - supplementary</td>
<td>FSA006 FSA006 (note 5)</td>
<td></td>
</tr>
<tr>
<td>Operational risk</td>
<td>CO- REP (Note 34)</td>
<td></td>
</tr>
<tr>
<td>Large exposures</td>
<td>CO- REP (Note 34)</td>
<td></td>
</tr>
<tr>
<td>Exposures between core UK group and non-</td>
<td>FSA018 (note 12)</td>
<td></td>
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</tbody>
</table>
### Firms’ prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
</tr>
</thead>
<tbody>
<tr>
<td>core large exposures group</td>
<td>FSA016 (Note 20)</td>
<td>FSA016 (Note 20)</td>
</tr>
<tr>
<td>Solo consolidation data</td>
<td>FSA019 (Note 8)</td>
<td>FSA019 (Note 8)</td>
</tr>
<tr>
<td>Pillar 2 questionnaire</td>
<td>CO-REP (Note 9)</td>
<td>FSA028 (Note 34)</td>
</tr>
<tr>
<td>Non-EEA subgroup</td>
<td>Vol-</td>
<td></td>
</tr>
<tr>
<td>Threshold conditions</td>
<td>FSA038</td>
<td>FSA038</td>
</tr>
<tr>
<td>Volumes and types of business (note 21)</td>
<td>FSA038</td>
<td>FSA038</td>
</tr>
<tr>
<td>Client money and</td>
<td>FSA039</td>
<td>FSA039</td>
</tr>
</tbody>
</table>

**Notes:**
1. See Section 15 for definitions of the terms ‘core large exposures group’ and ‘large exposures group’.
2. See Section 11 for definitions of the terms ‘pills 1, 2 and 3’.
3. See Section 8 for definitions of the terms ‘questions 1 to 12’.
4. See Section 9 for definitions of the terms ‘questions 13 to 34’.
5. See Section 15 for definitions of the terms ‘threshold conditions’. 
6. See Section RMAR (note 15) for definitions of the terms ‘volumes and types of business (note 21)’.
7. See Section C for definitions of the terms ‘client money and’. 
8. See Section 12 for definitions of the terms ‘questions 13 to 34’.
9. See Section 13 for definitions of the terms ‘questions 13 to 34’.
10. See Section 14 for definitions of the terms ‘questions 13 to 34’.
11. See Section 15 for definitions of the terms ‘threshold conditions’. 
12. See Section 16 for definitions of the terms ‘volumes and types of business (note 21)’.
13. See Section 17 for definitions of the terms ‘client money and’. 
14. See Section 18 for definitions of the terms ‘questions 13 to 34’.
15. See Section 19 for definitions of the terms ‘questions 13 to 34’.
16. See Section 20 for definitions of the terms ‘questions 13 to 34’.
17. See Section 21 for definitions of the terms ‘questions 13 to 34’.
18. See Section 22 for definitions of the terms ‘questions 13 to 34’.
19. See Section 23 for definitions of the terms ‘questions 13 to 34’.
20. See Section 24 for definitions of the terms ‘questions 13 to 34’.
21. See Section 25 for definitions of the terms ‘questions 13 to 34’.
22. See Section 26 for definitions of the terms ‘questions 13 to 34’.
23. See Section 27 for definitions of the terms ‘questions 13 to 34’.
24. See Section 28 for definitions of the terms ‘questions 13 to 34’.
25. See Section 29 for definitions of the terms ‘questions 13 to 34’.
26. See Section 30 for definitions of the terms ‘questions 13 to 34’.
27. See Section 31 for definitions of the terms ‘questions 13 to 34’.
28. See Section 32 for definitions of the terms ‘questions 13 to 34’.
29. See Section 33 for definitions of the terms ‘questions 13 to 34’.
30. See Section 34 for definitions of the terms ‘questions 13 to 34’.
31. See Section 35 for definitions of the terms ‘questions 13 to 34’.
32. See Section 36 for definitions of the terms ‘questions 13 to 34’.
33. See Section 37 for definitions of the terms ‘questions 13 to 34’.
34. See Section 38 for definitions of the terms ‘questions 13 to 34’.
35. See Section 39 for definitions of the terms ‘questions 13 to 34’.
36. See Section 40 for definitions of the terms ‘questions 13 to 34’.
37. See Section 41 for definitions of the terms ‘questions 13 to 34’.
38. See Section 42 for definitions of the terms ‘questions 13 to 34’.
39. See Section 43 for definitions of the terms ‘questions 13 to 34’.
40. See Section 44 for definitions of the terms ‘questions 13 to 34’.
41. See Section 45 for definitions of the terms ‘questions 13 to 34’.
42. See Section 46 for definitions of the terms ‘questions 13 to 34’.
43. See Section 47 for definitions of the terms ‘questions 13 to 34’.
44. See Section 48 for definitions of the terms ‘questions 13 to 34’.
45. See Section 49 for definitions of the terms ‘questions 13 to 34’.
46. See Section 50 for definitions of the terms ‘questions 13 to 34’.
47. See Section 51 for definitions of the terms ‘questions 13 to 34’.
48. See Section 52 for definitions of the terms ‘questions 13 to 34’.
49. See Section 53 for definitions of the terms ‘questions 13 to 34’.
50. See Section 54 for definitions of the terms ‘questions 13 to 34’.
51. See Section 55 for definitions of the terms ‘questions 13 to 34’.
52. See Section 56 for definitions of the terms ‘questions 13 to 34’.
53. See Section 57 for definitions of the terms ‘questions 13 to 34’.
54. See Section 58 for definitions of the terms ‘questions 13 to 34’.
55. See Section 59 for definitions of the terms ‘questions 13 to 34’.
56. See Section 60 for definitions of the terms ‘questions 13 to 34’.
57. See Section 61 for definitions of the terms ‘questions 13 to 34’.
58. See Section 62 for definitions of the terms ‘questions 13 to 34’.
59. See Section 63 for definitions of the terms ‘questions 13 to 34’.
60. See Section 64 for definitions of the terms ‘questions 13 to 34’.
61. See Section 65 for definitions of the terms ‘questions 13 to 34’.
62. See Section 66 for definitions of the terms ‘questions 13 to 34’.
63. See Section 67 for definitions of the terms ‘questions 13 to 34’.
64. See Section 68 for definitions of the terms ‘questions 13 to 34’.
65. See Section 69 for definitions of the terms ‘questions 13 to 34’.
66. See Section 70 for definitions of the terms ‘questions 13 to 34’.
67. See Section 71 for definitions of the terms ‘questions 13 to 34’.
68. See Section 72 for definitions of the terms ‘questions 13 to 34’.
69. See Section 73 for definitions of the terms ‘questions 13 to 34’.
70. See Section 74 for definitions of the terms ‘questions 13 to 34’.
71. See Section 75 for definitions of the terms ‘questions 13 to 34’.
72. See Section 76 for definitions of the terms ‘questions 13 to 34’.
73. See Section 77 for definitions of the terms ‘questions 13 to 34’.
74. See Section 78 for definitions of the terms ‘questions 13 to 34’.
75. See Section 79 for definitions of the terms ‘questions 13 to 34’.
76. See Section 80 for definitions of the terms ‘questions 13 to 34’.
77. See Section 81 for definitions of the terms ‘questions 13 to 34’.
78. See Section 82 for definitions of the terms ‘questions 13 to 34’.
79. See Section 83 for definitions of the terms ‘questions 13 to 34’.
80. See Section 84 for definitions of the terms ‘questions 13 to 34’.
81. See Section 85 for definitions of the terms ‘questions 13 to 34’.
82. See Section 86 for definitions of the terms ‘questions 13 to 34’.
83. See Section 87 for definitions of the terms ‘questions 13 to 34’.
84. See Section 88 for definitions of the terms ‘questions 13 to 34’.
85. See Section 89 for definitions of the terms ‘questions 13 to 34’.
86. See Section 90 for definitions of the terms ‘questions 13 to 34’.
87. See Section 91 for definitions of the terms ‘questions 13 to 34’.
88. See Section 92 for definitions of the terms ‘questions 13 to 34’.
89. See Section 93 for definitions of the terms ‘questions 13 to 34’.
90. See Section 94 for definitions of the terms ‘questions 13 to 34’.
91. See Section 95 for definitions of the terms ‘questions 13 to 34’.
92. See Section 96 for definitions of the terms ‘questions 13 to 34’.
93. See Section 97 for definitions of the terms ‘questions 13 to 34’.
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<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU IPRU-INV</th>
<th>BIPRU IPRU-INV</th>
<th>Firms other than BIPRU firms or IFPRU investment firms</th>
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<tbody>
<tr>
<td>client assets</td>
<td>FSA045</td>
<td>FSA045</td>
<td>RMAR (note 15) or FSA039</td>
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<tr>
<td>IRB portfolio risk</td>
<td>FSA045 (note 18)</td>
<td>FSA045 (Note 18)</td>
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<tr>
<td>Securitisation: non-trading book</td>
<td>CO-REP FSA046 (Note 34)</td>
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<td>Daily Flows</td>
<td>FSA047/CO-REP (Notes 23, 26, 28, 30 and 34)</td>
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<tr>
<td>Enhanced Mismatch Report</td>
<td>FSA048/CO-REP (Notes 23, 26, 28, 30 and 34)</td>
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<tr>
<td>Liquidity Buffer</td>
<td>FSA050/CO-REP (Notes 23, 26, 28, 30 and 34)</td>
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</table>
Firms’ prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
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<tbody>
<tr>
<td>Firms other than BIPRU firms or IFPRU investment firms</td>
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<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IPRU- (INV) Chapter 3</th>
<th>IPRU- (INV) Chapter 5</th>
<th>IPRU- (INV) Chapter 9</th>
<th>IPRU- (INV) Chapter 12</th>
<th>IPRU- (INV) Chapter 13</th>
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<tr>
<td>Qualifying Securities</td>
<td>24, 27, 28, 30, and 34</td>
<td>FSA051/ CO- REP (Notes 24, 27, 28, 30, and 34)</td>
<td>FSA052/ CO- REP (Notes 24, 27, 28, 30, 31, and 34)</td>
<td>FSA053/ CO- REP (Notes 24, 27, 28, 30, and 34)</td>
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**Firms’ prudential category and applicable data items (note 1)**

<table>
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<tbody>
<tr>
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<td>Questionnaire</td>
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<tr>
<td>Securities trading</td>
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</tr>
<tr>
<td>Information on P2P</td>
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</tbody>
</table>

**Note 1**

All firms, except *IFPRU investment firms* in relation to data items reported under the EU CRR, when submitting the completed data item required, a firm must use the format of the data item set out in SUP 16 Annex 24 R. Guidance notes for completion of the data items are contained in SUP 16 Annex 25 G.

**Note 2**

Firms that are members of a *UK consolidation group* are also required to submit this report on a *UK consolidation group* basis.
### Firms' prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU</th>
<th>BIPRU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IPRU-INV</td>
<td>IPRU-INV</td>
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<tr>
<td></td>
<td>Chapter 3</td>
<td>Chapter 5</td>
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<tr>
<td></td>
<td>IPRU-INV</td>
<td>IPRU-INV</td>
</tr>
<tr>
<td></td>
<td>Chapter 9</td>
<td>(collective portfolio management firms only)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chapter 12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chapter 13</td>
</tr>
</tbody>
</table>

#### Note 3
This applies to a firm that is required to submit data item FSA003 and at anytime within the 12 months up to its latest accounting reference date ("the relevant period"), was reporting data item FSA004 ("Firm A") or not reporting this item ("Firm B").

In the case of Firm A it must report this data item if one or both of its last two submissions in the relevant period show that the threshold was exceeded.

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.

The threshold is exceeded where data element 77A in data item FSA003 is greater than £10 million, or its currency equivalent, at the relevant reporting date for the firm.

#### Note 4
This applies to a firm that is required to submit data item FSA003 and at any time within the 12 months up to its latest accounting reference date ("the relevant period"), was reporting data item FSA005 ("Firm A") or not reporting this item ("Firm B").

In the case of Firm A it must report this data item if one or both of its last two submissions in the relevant period show that the threshold was exceeded.

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.

The threshold is exceeded where data element 93A in data item FSA003 is greater than £50 million, or its currency equivalent, at the relevant reporting date for the firm.

#### Note 5
Only applicable to firms with a VaR model permission.

#### Note 6
[deleted]

#### Note 7
[deleted]

#### Note 8
Only applicable to IFPRU investment firms and BIPRU firms that:

(a) are subject to consolidated supervision under BIPRU 8, except those that are either included within the consolidated supervision
### SUP 16: Reporting

**Section 16.12: Integrated Regulatory Reporting**

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU (INV) Chapter 3</th>
<th>IFPRU (INV) Chapter 5</th>
<th>IFPRU (INV) Chapter 9</th>
<th>IFPRU (INV) Chapter 12</th>
<th>IFPRU (INV) Chapter 13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firms’ prudential category and applicable data items (note 1)</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>IFPRU investment firms and BIPRU firms</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Firms other than BIPRU firms or IFPRU investment firms</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note 9* This will be applicable to firms that are members of a UK consolidation group on the reporting date.

*Note 10* [deleted]

*Note 11* Only applicable to a firm that is a sole trader or a partnership, when the report must be submitted by each partner.

*Note 12* Only applicable to a firm that has both a core UK group and a non-core large exposures group.

*Note 13* [deleted]

*Note 14* 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 15* FSA029, FSA030, FSA032 and FSA039 only apply to a firm subject to IPRU(INV) Chapter 13 which is an exempt CAD firm.

Sections A, B, C, D1 and F RMAR only apply to a firm subject to IPRU(INV) Chapter 13 which is not an exempt CAD firm.

*Note 16* [deleted]

*Note 17* [deleted]
**SUP 16 : Reporting requirements**

**Section 16.12 : Integrated Regulatory Reporting**

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU (INV) Chapter 11</th>
<th>BIPRU (INV) Chapter 13</th>
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</thead>
<tbody>
<tr>
<td><strong>Firms’ prudential category and applicable data items (note 1)</strong></td>
<td><strong>IFPRU investment firms and BIPRU firms</strong></td>
<td><strong>Firms other than BIPRU firms or IFPRU investment firms</strong></td>
</tr>
<tr>
<td></td>
<td>IPRU-(INV) Chapter 3</td>
<td>IPRU-(INV) Chapter 5</td>
</tr>
<tr>
<td></td>
<td>IPRU-(INV) Chapter 12</td>
<td>IPRU-(INV) Chapter 13</td>
</tr>
</tbody>
</table>

**Note 18**
Only applicable to firms that have an IRB permission.

**Note 19**
Only applicable to firms that hold securitisation positions, or are the originator or sponsor of securitisations of non-trading book exposures.

**Note 20**
Only applicable to a firm that has a solo consolidation waiver.

**Note 21**
[deleted]

**Note 22**
[deleted]

**Note 23**
A firm must complete this item separately on each of the following bases (if applicable).

1. It must complete it on a solo basis. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.

2. If it is a group liquidity reporting firm in a DLG by default and is a UK lead regulated firm, it must complete the item on the basis of that group.

3. If it is a group liquidity reporting firm in a UK DLG by modification, it must complete the item on the basis of that group.

4. If it is a group liquidity reporting firm in a non-UK DLG by modification, it must complete the item on the basis of that group.

**Note 24**
A firm must complete this item separately on each of the following bases that are applicable.

1. It must complete it on a solo basis unless it is a group liquidity reporting firm in a UK DLG by modification. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.

2. If it is a group liquidity reporting firm in a UK DLG by modification, it must complete the item on the basis of that group.
<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU (INV)</th>
<th>BIPRU (INV)</th>
<th>Firms other than BIPRU firms or IFPRU investment firms</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chapter 3</td>
<td>Chapter 5</td>
<td>Chapter 9 (collective portfolio management firms only)</td>
</tr>
<tr>
<td></td>
<td>Chapter 12</td>
<td>Chapter 13</td>
<td></td>
</tr>
</tbody>
</table>

### Note 25

If it is a non-ILAS BIPRU firm, it must complete it on a solo basis. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.

### Note 26

1. This item must be reported in the reporting currency.

2. If any data element is in a currency or currencies other than the reporting currency, all currencies (including the reporting currency) must be combined into a figure in the reporting currency.

3. In addition, all material currencies (which may include the reporting currency) must each be recorded separately (translated into the reporting currency). However if:
   - the reporting frequency is (whether under a rule or under a waiver) quarterly or less than quarterly; or
   - the only material currency is the reporting currency; (3) does not apply.

4. If there are more than three material currencies for this data item, (3) only applies to the three largest in amount. A firm must identify the largest in amount in accordance with the following procedure.
   - (a) For each currency, take the largest of the asset or liability figure as referred to in the definition of material currency.
   - (b) Take the three largest figures from the resulting list of amounts.

5. The date as at which the calculations for the purposes of the definition of material currency are carried out is the last day of the reporting period in question.

6. The reporting currency for this data item is whichever of the following currencies the firm chooses, namely USD (the United States Dollar), EUR (the euro), GBP (sterling), JPY (the Japanese Yen), CHF (the Swiss Franc), CAD (the Canadian Dollar) or SEK (the Swedish Krona).
### Firms' prudential category and applicable data items (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU (INV)</th>
<th>BIPRU (INV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFPRU investment firms and BIPRU firms</td>
<td>Chapter 3</td>
<td>Chapter 5</td>
</tr>
<tr>
<td>Firms other than BIPRU firms or IFPRU investment firms</td>
<td>Chapter 9</td>
<td>Chapter 12</td>
</tr>
</tbody>
</table>

**Note 26** applies, except that paragraphs (3), (4), and (5) do not apply, meaning that *material currencies* must not be recorded separately.

**Note 28** Any changes to reporting requirements caused by a *firm* receiving an *intra-group liquidity modification* (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements for the *data item* in question if the *firm* receives that *intra-group liquidity modification* or variation part of the way through such a period. If the change is that the *firm* does not have to report a particular data item or does not have to report it at a particular *reporting level*, the *firm* must nevertheless report that item or that *reporting level* for any reporting period that has already begun. This paragraph is subject to anything that the *intra-group liquidity modification* says to the contrary.

**Note 29** Only applicable to *firms* that hold securitisation positions in the *trading book* and/or are the originator or sponsor of securitisations held in the *trading book*.

**Note 30** FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054 must be completed by an *ILAS BIPRU firm*. An *ILAS BIPRU firm* does not need to complete FSA055. A *non-ILAS BIPRU firm* must complete FSA055 and does not need to complete FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054.

**Note 31** This *data item* must be reported only in the currencies named in FSA052, so that liabilities in GBP are reported in GBP in rows 1 to 4, those in USD are reported in USD in rows 5 to 8, and those in Euro are reported in Euro in rows 9 to 12. Liabilities in other currencies are not to be reported.

**Note 32** Only applicable to *firms* that are *collective portfolio management investment firms*.

**Note 33** Only applicable to *firms* that have a *managing investments permission*.

**Note 34** Requirements under COREP and FINREP should be determined with reference to the *EU CRR* and applicable technical standards.

---

The column in the table in **SUP 16.12.15R** that deals with *IFPRU firms* covers some liquidity items that only have to be reported by an *ILAS BIPRU firm* (please see notes 25 and 30).
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.

<table>
<thead>
<tr>
<th>Data item</th>
<th>Firms' prudential category</th>
<th>IFPRU 125K firm</th>
<th>IFPRU 730K firm</th>
<th>IFPRU 50K firm</th>
<th>BIPRU firm</th>
<th>Firm other than IFPRU investment firms</th>
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<td>Annually</td>
<td>Annually</td>
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<td>Quarterly</td>
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<td>Annual (note 4)</td>
<td>Annual (note 4)</td>
<td>Annual (note 4)</td>
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</table>
### Data item | Firms’ prudential category
--- | ---
| **SUP 16 : Reporting** | **Section 16.12 : Integrated Regulatory Reporting**

#### IFPRU 125K firm and collective portfolio management investment firm

<table>
<thead>
<tr>
<th>Data item</th>
<th>Firms’ prudential category</th>
<th>UK consolidation group or defined liquidity group</th>
<th>Firm other than BIPRU firms or IFPRU investment firms</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Annually</td>
<td>Annually</td>
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<td>FSA028</td>
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</tr>
<tr>
<td>FSA038</td>
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<td>Half yearly</td>
<td>Half yearly</td>
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<td>FSA039</td>
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</tr>
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<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
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<td>Daily, weekly, monthly or quarterly (Notes 5, 7 and 8)</td>
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<td>FSA048</td>
<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
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<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
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#### Refer to EU CRR and applicable technical standards

<table>
<thead>
<tr>
<th>COREP/FINREP</th>
<th>Refer to EU CRR and applicable technical standards</th>
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</thead>
<tbody>
<tr>
<td>FSA019</td>
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<tr>
<td>FSA028</td>
<td>Annually</td>
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<td>FSA029</td>
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<td>FSA030</td>
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<td>FSA032</td>
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<td>FSA033</td>
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<td>FSA034</td>
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<td>FSA035</td>
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<tr>
<td>FSA045</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA046</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA047</td>
<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
</tr>
<tr>
<td>FSA048</td>
<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
</tr>
</tbody>
</table>
### Data item | Firms’ prudential category | UK consolidation group or defined liquidity group | Firm other than BIPRU firms or IFPRU investment firms
--- | --- | --- | ---
|  | IFPRU 125K firm and collective portfolio management firm | IFPRU 50K firm | BIPRU firm | Corep/Finrep |
|  | Refer to EU CRR and applicable technical standards | | | | quarterly (Notes 5, 7 and 8)
| FSA050 | Monthly (Note 5) | Monthly (Note 5) | | | Quarterly (Note 5)
| FSA051 | Monthly (Note 5) | Monthly (Note 5) | | | Quarterly (Note 5)
| FSA052 | Weekly or monthly (Notes 5 and 9) | Weekly or monthly (Notes 5 and 10) | | | Quarterly (Note 5)
| FSA053 | Quarterly (Note 5) | Quarterly (Note 5) | | | Quarterly (Note 5)
| FSA054 | Quarterly (Note 5) | Quarterly (Note 5) | | | Quarterly (Note 5)
### Data Item | Firms’ prudential category
---|---
| | IFPRU 125K firm and collective portfolio management investment firm | IFPRU 50K firm | BIPRU firm | UK consolidation group or defined liquidity group | Firm other than BIPRU firms or IFPRU investment firms |
| COREP/ Refer to EU CRR and applicable technical standards | Refer to EU CRR and applicable technical standards |
| FSA055 | Annually (Note 5) | Annually (Note 5) | Annually (Note 5) | Refer to EU CRR and applicable technical standards |
| FSA058 | Quarterly | Quarterly |
| FIN066 | Quarterly | Quarterly |
| FIN067 | Quarterly (Note 5) | Quarterly |
| FIN068 | Half yearly |
| FIN069 | Quarterly |
| FIN070 | Quarterly |
| FIN071 | 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) |
| Section D1 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.
### Data item | Firms' prudential category
--- | ---
| IFPRU 730K firm | IFPRU 125K firm and collective portfolio management investment firm |
| IFPRU 50K firm | BIPRU firm |

**Note 3** Annual regulated business revenue over £5 million.

**Note 4** The reporting date for this data item is six months after a firm's most recent accounting reference date.

**Note 5** Reporting frequencies and reporting periods for this data item are calculated on a calendar year basis and not from a firm's accounting reference date. In particular:

1. A week means the period beginning on Saturday and ending on Friday.
2. A month begins on the first day of the calendar month and ends on the last day of that month.
3. Quarters end on 31 March, 30 June, 30 September and 31 December.
4. Daily means each business day.

All periods are calculated by reference to London time.

Any changes to reporting requirements caused by a firm receiving an intra-group liquidity modification (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements if the firm receives that intra-group liquidity modification or variation part of the way through such a period, unless the intra-group liquidity modification says otherwise.

**Note 6** If the report is on a solo basis the reporting frequency is as follows:

1. if the firm does not have an intra-group liquidity modification the frequency is:
2. weekly if the firm is a standard frequency liquidity reporting firm; and

Refer to EU CRR and applicable technical standards.
### Data item | Firms’ prudential category
--- | ---
IFPRU 730K firm and collective portfolio management investment firm | IFPRU 125K firm | IFPRU 50K firm | BIPRU firm | UK consolidation group or defined liquidity group | Firm other than BIPRU firms or IFPRU investment firms

**COREP/FINREP** | Refer to EU CRR and applicable technical standards

(b) monthly if the *firm* is a *low frequency liquidity reporting firm*;

(2) if the *firm* is a *group liquidity reporting firm* in a *non-UK DLG by modification (firm level)* the frequency is:

(a) weekly if the *firm* is a *standard frequency liquidity reporting firm*; and

(b) monthly if the *firm* is a *low frequency liquidity reporting firm*;

(3) the frequency is quarterly if the *firm* is a *group liquidity reporting firm* in a *UK DLG by modification*.

**Note 7**

(1) If the report is by reference to the *firm’s DLG by default* the reporting frequency is:

(a) weekly if the *group liquidity standard frequency reporting conditions* are met;

(b) monthly if the *group liquidity low frequency reporting conditions* are met.

(2) If the report is by reference to the *firm’s UK DLG by modification* the reporting frequency is:

(a) weekly if the *group liquidity standard frequency reporting conditions* are met;

(b) monthly if the *group liquidity low frequency reporting conditions* are met.

(3) If the report is by reference to the *firm’s non-UK DLG by modification* the reporting frequency is quarterly.
### Data Item | Firms' prudential category |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IFPRU 730K firm</td>
<td>IFPRU 125K firm and collective portfolio management investment firm</td>
</tr>
</tbody>
</table>

COREP/FINREP: Refer to EU CRR and applicable technical standards

**Note 8**

(1) If the reporting frequency is otherwise weekly, the item is to be reported on every business day if (and for as long as) there is a firm-specific liquidity stress or market liquidity stress in relation to the firm or group in question.

(2) If the reporting frequency is otherwise monthly, the item is to be reported weekly if (and for as long as) there is a firm-specific liquidity stress or market liquidity stress in relation to the firm or group in question.

(3) A firm must ensure that it would be able at all times to meet the requirements for daily or weekly reporting under paragraph (1) or (2) even if there is no firm-specific liquidity stress or market liquidity stress and none is expected.

**Note 9**

If the report is on a solo basis the reporting frequency is as follows:

(1) weekly if the firm is a standard frequency liquidity reporting firm; and

(2) monthly if the firm is a low frequency liquidity reporting firm.

**Note 10**

If the report is by reference to the firm's UK DLG by modification the reporting frequency is:

(1) weekly if the group liquidity standard frequency reporting conditions are met;

(2) monthly if the group liquidity low frequency reporting conditions are met.

[deleted]
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.

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<th>Monthly</th>
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<th>Half yearly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>COREP/FINREP</td>
<td>Daily</td>
<td>Weekly</td>
<td>Monthly</td>
<td>Quarterly</td>
<td>Half yearly</td>
<td>Annual</td>
</tr>
<tr>
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<td></td>
<td></td>
<td>3 months</td>
</tr>
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<td>30 business days (note 2); 45 business days (note 3)</td>
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<tr>
<td>Data item</td>
<td>Daily</td>
<td>Weekly</td>
<td>Monthly</td>
<td>Quarterly</td>
<td>Half yearly</td>
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<td>20 business days</td>
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<td>FSA038</td>
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<td></td>
<td>30 business days</td>
</tr>
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<td>20 business days (note 2); 45 business days (note 3)</td>
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<td>20 business days (Note 2), 45 business days (Note 3)</td>
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<td>15 business days or one Month (Note 4)</td>
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### Section 16.12 : Integrated Regulatory Reporting

<table>
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<tr>
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<td>22.00 hours (London time) on the business day immediately following the last day of the reporting period for the item in question</td>
<td>22.00 hours (London time) on the business day immediately following the last day of the reporting period for the item in question</td>
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<td>15 business days or one Month (Note 4)</td>
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### SUP 16 : Reporting requirements

Section 16.12 : Integrated Regulatory Reporting

**Data item**

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<th>Monthly</th>
<th>Quarterly</th>
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**.item in question**

- **FSA053**: 15 business days
- **FSA054**: 15 business days
- **FSA055**: 15 business days
- **FSA058**: 20 business days (Note 2), 45 business days (Note 3)
- **FIN066**: 20 business days
- **FIN067**: 30 days
- **FIN068**: 30 business days
- **FIN069**: 20 business days
- **FIN070**: 20 business days
- **FIN071**: 20 business days
- **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
- **Sections D1 and D2 RMAR**: 30 business days, 30 business days
- **Section F RMAR**: 30 business days

**Note 1** [deleted]

**Note 2** For unconsolidated and solo-consolidated reports.

**Note 3** For **UK consolidation group** reports.

**Note 4** It is one **Month** if the report relates to a **non-UK DLG by modification**.

---

**Regulated Activity Group 5**
(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.

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.

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Data item (note 1)</th>
<th>Frequency</th>
<th>Submission deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet</td>
<td>Sections A.1 and A.2 MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Income Statement</td>
<td>Sections B.0 and B.1 MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Capital Adequacy (notes 4 and 5)</td>
<td>Section C MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Lending - Business flow and rates</td>
<td>Section D MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Residential Lending to individuals - New business profile</td>
<td>Section E MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Lending - arrears analysis</td>
<td>Section F MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Mortgage Administration - Business Profile</td>
<td>Section G MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Mortgage Administration - Arrears analysis</td>
<td>Section H MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Analysis of loans to customers</td>
<td>Section A3 MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Provisions analysis</td>
<td>Section B2 MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Fees and Levies Sale and rent back</td>
<td>Section J MLAR</td>
<td>Annually</td>
<td>30 business days</td>
</tr>
<tr>
<td>Sale and rent back</td>
<td>Section K MLAR</td>
<td>Annually</td>
<td>30 business days</td>
</tr>
<tr>
<td>Credit Risk (notes 2 and 4)</td>
<td>Section L MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
<tr>
<td>Liquidity (notes 3 and 4)</td>
<td>Section M MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
</tbody>
</table>
### Description of data item

#### Data item (note 1) Frequency Submission deadline

**Note 1**

When submitting the completed data item required, a firm must use the format of the data item set out in SUP 16 Annex 19A. Guidance notes for the completion of the data items are set out in SUP 16 Annex 19B.

**Note 2**

Only applicable to a firm that has one or more exposures that satisfy the conditions set out in MIPRU 4.2A.4 R, and:

- has permission to carry on any home financing which is connected to regulated mortgage contracts; or

- has permission to carry on home financing and home finance administration which is connected to regulated mortgage contracts (and no other activity); or

- has permission to carry on home finance administration which is connected to regulated mortgage contracts and has all or part of the home finance transactions that it administers on its balance sheet.

**Note 3**

Only applicable to a firm that:

- is subject to MIPRU 4.2D;

- has no restriction to its Part 4A permission preventing it from undertaking new home financing or home finance administration connected to regulated mortgage contracts; and

- has permission to carry on any home financing or home finance administration connected to regulated mortgage contracts.

**Note 4**

Not applicable if the firm exclusively carries on home finance administration or home finance providing activities in relation to second charge regulated mortgage contracts or legacy CCA mortgage contracts (or both).

Also not applicable if the firm is a P2P platform operator facilitating home finance transactions.

**Note 5**

Only applicable to a firm that is subject to MIPRU 4.2 (Capital resources requirements).

---

### Additional applicable data items, reporting frequencies and submission deadlines

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.

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Data item (note 1)</th>
<th>Frequency</th>
<th>Submission deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analysis of second charge loans to customers</td>
<td>Section A4 MLAR</td>
<td>Quarterly</td>
<td>20 business days</td>
</tr>
</tbody>
</table>
### Second charge business flow and rates
- **Section**: D1 MLAR
- **Frequency**: Quarterly
- **Due**: 20 business days

### Second charge lending to individuals
- **Section**: E1 MLAR
- **Frequency**: Quarterly
- **Due**: 20 business days

### Second charge lending - arrears analysis
- **Section**: F1 MLAR
- **Frequency**: Quarterly
- **Due**: 20 business days

### Second charge mortgage administration - arrears analysis
- **Section**: H1 MLAR
- **Frequency**: Quarterly
- **Due**: 20 business days

---

**Note 1** When submitting the completed *data item* required, a *firm* must use the format of the *data item* set out in SUP 16 Annex 19AA R. Guidance notes for the completion of the *data items* 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:

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Firms’ prudential category and applicable data items (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>IPRU(INV)</strong> Chapter 3</td>
</tr>
<tr>
<td>Solvency statement</td>
<td>No standard format</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>FSA029</td>
</tr>
<tr>
<td>Income statement</td>
<td>FSA030</td>
</tr>
<tr>
<td>Capital adequacy</td>
<td>FSA033</td>
</tr>
<tr>
<td>Threshold conditions</td>
<td></td>
</tr>
<tr>
<td>Client money and</td>
<td>FSA039</td>
</tr>
</tbody>
</table>
### Descriptions of Data Items

<table>
<thead>
<tr>
<th>Description of Data Item</th>
<th>Firms’ Prudential Category and Applicable Data Items (Note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IPRU(INV) Chapter 3</td>
</tr>
<tr>
<td>Client assets</td>
<td></td>
</tr>
<tr>
<td>Pillar 2 questionnaire</td>
<td></td>
</tr>
</tbody>
</table>

**Note 1**: When submitting the completed data item required, a firm must 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**: [deleted]

**Note 3**: [deleted]

**Note 4**: 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, unless the firm is the depositary of a UCITS scheme in which case, FIN072 must be completed.

**Note 5**: FSA032 must be completed by a firm subject to IPRU(INV) Chapter 13 which is an exempt CAD firm.

**Note 6**: Only applicable to a firm that is a partnership, when the report must be submitted by each partner.

**Note 7**: FSA029, FSA030, FSA032 and FSA039 only apply to a firm subject to IPRU(INV) Chapter 13 which is an exempt CAD firm. Sections A, B, C, D1, and F RMAR only apply to a firm subject to IPRU(INV) Chapter 13 which is not an exempt CAD firm.

**Note 8**: Only applicable to a firm that is the depositary of a UCITS scheme.

### Reporting Frequencies

<table>
<thead>
<tr>
<th>Solvency statement</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSA019</td>
<td>Annually</td>
</tr>
<tr>
<td>FSA029</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA030</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA031</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA032</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA033</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA034</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA035</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FSA039</td>
<td>Half yearly</td>
</tr>
<tr>
<td>FIN071</td>
<td>Quarterly</td>
</tr>
<tr>
<td>FIN072</td>
<td>Quarterly</td>
</tr>
</tbody>
</table>
### Section 16.12 : Integrated Regulatory Reporting

<table>
<thead>
<tr>
<th>Data item</th>
<th>Quarterly</th>
<th>Half yearly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency statement</td>
<td></td>
<td>3 months</td>
<td></td>
</tr>
<tr>
<td>FSA019</td>
<td></td>
<td>2 months</td>
<td></td>
</tr>
<tr>
<td>FSA029</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA030</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA031</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA032</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA033</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA034</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA035</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA039</td>
<td></td>
<td>30 business days</td>
<td></td>
</tr>
<tr>
<td>FSA040</td>
<td>15 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIN071</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FIN072</td>
<td>20 business days</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section A RMAR</td>
<td>30 business days</td>
<td>30 business days</td>
<td></td>
</tr>
<tr>
<td>Section B RMAR</td>
<td>30 business days</td>
<td>30 business days</td>
<td></td>
</tr>
<tr>
<td>Section C RMAR</td>
<td>30 business days</td>
<td>30 business days</td>
<td></td>
</tr>
<tr>
<td>Sections D1 and D2 RMAR</td>
<td>30 business days</td>
<td>30 business days</td>
<td></td>
</tr>
<tr>
<td>Section F RMAR</td>
<td>30 business days</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 following the relevant reporting frequency period set out in SUP 16.12.20 R.

### Notes
- **Note 1** [deleted]
- **Note 2** Annual regulated business revenue up to and including £5 million.
- **Note 3** Annual regulated business revenue over £5 million.
### 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:

<table>
<thead>
<tr>
<th>Description of Data item</th>
<th>IFPRU Exempt CAD firms subject to IP-RU(-INV) Chapter 13</th>
<th>BIPRU firm Exempt CAD firms subject to IP-RU(INV) Chapter 13</th>
<th>Firms (other than exempt CAD firms) subject to IP-RU(INV) Chapter 13</th>
<th>Firms that are also in one or more of RAGs 1 to 6 and not subject to IP-RU(INV) Chapter 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency statement</td>
<td>No standard format (note 11)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance Sheet</td>
<td>FSA001/FIN-REP (Notes 2 and 29)</td>
<td>FSA001 (Note 2)</td>
<td>FSA029 Section A RMAR</td>
<td></td>
</tr>
<tr>
<td>Income Statement</td>
<td>FSA002/FIN-REP (Notes 2 and 29)</td>
<td>FSA002 (Note 2)</td>
<td>FSA030 Section B RMAR</td>
<td></td>
</tr>
<tr>
<td>Capital Adequacy</td>
<td>COREP (Note 29)</td>
<td>FSA003 (Note 2)</td>
<td>FSA032 Section D1 RMAR (Note 23)</td>
<td></td>
</tr>
<tr>
<td>Credit risk</td>
<td>COREP (Note 29)</td>
<td></td>
<td>FSA004 (Notes 2, 3)</td>
<td></td>
</tr>
<tr>
<td>Market risk</td>
<td>COREP (Note 29)</td>
<td></td>
<td>FSA005 (Notes 2, 4)</td>
<td></td>
</tr>
<tr>
<td>Market risk - supplementary</td>
<td>FSA006 (Note 5)</td>
<td></td>
<td>FSA006 (Note 5)</td>
<td></td>
</tr>
<tr>
<td>Operational risk</td>
<td>COREP (Note 29)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large exposures</td>
<td>COREP (Note 29)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exposures between core UK group</td>
<td>FSA018 (note 12)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Description of Data item

<table>
<thead>
<tr>
<th>Firms’ prudential category and applicable data item (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>and non-core large exposures group</td>
</tr>
<tr>
<td>Solo consolidation data</td>
</tr>
<tr>
<td>Pillar 2 questionnaire</td>
</tr>
<tr>
<td>Non-EEA subgroup</td>
</tr>
<tr>
<td>Professional indemnity insurance (note 15)</td>
</tr>
<tr>
<td>Threshold Conditions</td>
</tr>
<tr>
<td>Training and Competence</td>
</tr>
<tr>
<td>COBS data</td>
</tr>
<tr>
<td>Client money and client assets</td>
</tr>
<tr>
<td>Fees and levies</td>
</tr>
<tr>
<td>Adviser charges</td>
</tr>
<tr>
<td>IRB portfolio risk</td>
</tr>
<tr>
<td>Securitisation: non-trading book</td>
</tr>
</tbody>
</table>
### Description of Data item

<table>
<thead>
<tr>
<th>Description of Data item</th>
<th>Firms' prudential category and applicable data item (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily Flows</td>
<td>FSA047/CO-REP (Notes 16, 19, 21, 24 and 29)</td>
</tr>
<tr>
<td>Enhanced Mismatch Report</td>
<td>FSA048/CO-REP (Notes 16, 19, 21, 24 and 29)</td>
</tr>
<tr>
<td>Liquidity Buffer Qualifying Securities</td>
<td>FSA050/CO-REP (Notes 17, 20, 21, 24 and 29)</td>
</tr>
<tr>
<td>Funding Concentration</td>
<td>FSA051/CO-REP (Notes 17, 20, 21, 24 and 29)</td>
</tr>
<tr>
<td>Pricing data</td>
<td>FSA052/CO-REP (Notes 17, 20, 21, 24 and 29)</td>
</tr>
<tr>
<td>Retail and corporate funding</td>
<td>FSA053/CO-REP (Notes 17, 20, 21, 24 and 29)</td>
</tr>
<tr>
<td>Currency Analysis</td>
<td>FSA054/CO-REP (Notes 17, 20, 21, 24 and 29)</td>
</tr>
<tr>
<td>Systems and Controls Questionnaire</td>
<td>FSA055/CO-REP (Notes 18, 24 and 29)</td>
</tr>
<tr>
<td>Securitisation: trading book</td>
<td>COREP (Note 29)</td>
</tr>
<tr>
<td>Supplementary capital data for collective portfolio</td>
<td>FSA055 (Notes 18 and 24)</td>
</tr>
<tr>
<td>management investment firms</td>
<td>FSA058 (Note 22)</td>
</tr>
<tr>
<td></td>
<td>FIN067 (Note 28)</td>
</tr>
<tr>
<td></td>
<td>FIN068 (Note 28)</td>
</tr>
</tbody>
</table>

Note 1: When submitting the completed data item required, a firm must use the format of the data item set out in SUP 16 Annex 24 R, or SUP 16 Annex 18A R in the case of the RMAR. Guidance notes for completion of the data items are contained in SUP 16 Annex 25 G, or SUP 16 Annex 18B G in the case of the RMAR.
### Description of Data item

| Note 2 | Firms that are members of a UK consolidation group are also required to submit this report on a UK consolidation group basis. |
| Note 3 | This applies to a firm that is required to submit data item FSA003 and, at any time within the 12 months up to its latest accounting reference date ("the relevant period"), was reporting data item FSA004 ("Firm A") or not reporting this item ("Firm B"). In the case of Firm A it must report this data item if one or both of its last two submissions in the relevant period show that the threshold was exceeded. 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. The threshold is exceeded where data element 77A in data item FSA003 is greater than £10 million, or its currency equivalent, at the relevant reporting date for the firm. |
| Note 4 | This applies to a firm that is required to submit data item FSA003 and, at any time within the 12 months up to its latest accounting reference date ("the relevant period"), was reporting data item FSA005 ("Firm A") or not reporting this item ("Firm B"). In the case of Firm A it must report this data item if one or both of its last two submissions in the relevant period show that the threshold was exceeded. 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. The threshold is exceeded where data element 93A in data item FSA003 is greater than £50 million, or its currency equivalent, at the relevant reporting date for the firm. |
| Note 5 | Only applicable to firms with a VaR model permission. |
| Note 6 | [deleted] |
| Note 7 | [deleted] |
| Note 8 | Only applicable to IFPRU investment firms and BIPRU firms that: (a) are subject to consolidated supervision under BIPRU 8, except those that are either included within the consolidated supervision of a group that includes a UK credit institution, or that have been granted an investment firm consolidation waiver; or (b) have been granted an investment firm consolidation waiver; or (c) are not subject to consolidated supervision under BIPRU 8. An IFPRU investment firm and a BIPRU firm under (a) must complete the report on the basis of its UK consolidation group. An IFPRU investment firm and a BIPRU firm under (b) or (c) must complete the report on the basis of its solo position. |
### Description of Data item

<table>
<thead>
<tr>
<th>Firms' prudential category and applicable data item (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 9 This will be applicable to firms that are members of a UK consolidation group on the reporting date.</td>
</tr>
<tr>
<td>Note 10 [deleted]</td>
</tr>
<tr>
<td>Note 11 Only applicable to a firm that is a sole trader or a partnership, when the report must be submitted by each partner.</td>
</tr>
<tr>
<td>Note 12 Only applicable to a firm that has both a core UK group and a non-core large exposures group.</td>
</tr>
<tr>
<td>Note 13 Only applicable to firms that have an IRB permission.</td>
</tr>
<tr>
<td>Note 14 Only applicable to firms that hold securitisation positions, or are the originator or sponsor of securitisations of non-trading book exposures.</td>
</tr>
<tr>
<td>Note 15 This item only applies to firms that are subject to an FCA requirement to hold professional indemnity insurance and are not exempt CAD firms.</td>
</tr>
<tr>
<td>Note 16 A firm must complete this item separately on each of the following bases (if applicable).</td>
</tr>
<tr>
<td>(1) It must complete it on a solo basis. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.</td>
</tr>
<tr>
<td>(2) If it is a group liquidity reporting firm in a DLG by default and is a UK lead regulated firm, it must complete the item on the basis of that group.</td>
</tr>
<tr>
<td>(3) If it is a group liquidity reporting firm in a UK DLG by modification, it must complete the item on the basis of that group.</td>
</tr>
<tr>
<td>(4) If it is a group liquidity reporting firm in a non-UK DLG by modification, it must complete the item on the basis of that group.</td>
</tr>
<tr>
<td>Note 17 A firm must complete this item separately on each of the following bases that are applicable.</td>
</tr>
<tr>
<td>(1) It must complete it on a solo basis unless it is a group liquidity reporting firm in a UK DLG by modification. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.</td>
</tr>
<tr>
<td>(2) If it is a group liquidity reporting firm in a UK DLG by modification, it must complete the item on the basis of that group.</td>
</tr>
<tr>
<td>Note 18 If it is a non-ILAS BIPRU firm, it must complete it on a solo basis. Therefore even if it has a solo consolidation waiver it must complete the item on an unconsolidated basis by reference to the firm alone.</td>
</tr>
<tr>
<td>Note 19 (1) This item must be reported in the reporting currency.</td>
</tr>
<tr>
<td>(2) If any data element is in a currency or currencies other than the reporting currency, all currencies (including the reporting currency) must be combined into a figure in the reporting currency.</td>
</tr>
</tbody>
</table>
### Description of Data item

<table>
<thead>
<tr>
<th>Firms’ prudential category and applicable data item (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(3) In addition, all material currencies (which may include the reporting currency) must each be recorded separately (translated into the reporting currency). However if:</td>
</tr>
<tr>
<td>(a) the reporting frequency is (whether under a rule or under a waiver) quarterly or less than quarterly; or</td>
</tr>
<tr>
<td>(b) the only material currency is the reporting currency;</td>
</tr>
<tr>
<td>(3) does not apply.</td>
</tr>
<tr>
<td>(4) If there are more than three material currencies for this data item, (3) only applies to the three largest in amount. A firm must identify the largest in amount in accordance with the following procedure.</td>
</tr>
<tr>
<td>(a) For each currency, take the largest of the asset or liability figure as referred to in the definition of material currency.</td>
</tr>
<tr>
<td>(b) Take the three largest figures from the resulting list of amounts.</td>
</tr>
<tr>
<td>(5) The date as at which the calculations for the purposes of the definition of material currency are carried out is the last day of the reporting period in question.</td>
</tr>
<tr>
<td>(6) The reporting currency for this data item is whichever of the following currencies the firm chooses, namely USD (the United States Dollar), EUR (the euro), GBP (sterling), JPY (the Japanese Yen), CHF (the Swiss Franc), CAD (the Canadian Dollar) or SEK (the Swedish Krona).</td>
</tr>
</tbody>
</table>

**Note 20** Note 19 applies, except that paragraphs (3), (4) and (5) do not apply, meaning that material currencies must not be recorded separately.

**Note 21** Any changes to reporting requirements caused by a firm receiving an intra-group liquidity modification (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements for the data item in question if the firm receives that intra-group liquidity modification or variation part of the way through such a period. If the change is that the firm does not have to report a particular data item or does not have to report it at a particular reporting level, the firm must nevertheless report that item or at that reporting level for any reporting period that has already begun. This paragraph is subject to anything that the intra-group liquidity modification says to the contrary.

**Note 22** Only applicable to firms that hold securitisation positions in the trading book and/or are the originator or sponsor of securitisations held in the trading book.

**Note 23** Where a firm submits data items for both RAG 7 and RAG 9, the firm must complete Section D1.

**Note 24** FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054 must be completed by an ILAS BIPRU firm. An ILAS BIPRU firm does not need to complete FSA055. A non-ILAS BIPRU firm must...
### Description of Data item

<table>
<thead>
<tr>
<th>Firms' prudential category and applicable data item (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>complete FSA055 and does not need to complete FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054.</td>
</tr>
</tbody>
</table>

**Note 25** This data item must be reported only in the currencies named in FSA052, so that liabilities in GBP are reported in GBP in rows 1 to 4, those in USD are reported in USD in rows 5 to 8, and those in Euro are reported in Euro in rows 9 to 12. Liabilities in other currencies are not to be reported.

**Note 26** This item only applies to firms that provide advice on retail investment products and P2P agreements.

**Note 27** [deleted]

**Note 28** Only applicable to firms that are collective portfolio management investment firms.

**Note 29** Requirements under COREP and FINREP should be determined with reference to the EU CRR and applicable technical standards.

### 16.12.22A

The column in the table in SUP 16.12.22A R that deals with IFPRU firms covers some liquidity items that only have to be reported by an ILAS BIPRU firm (see notes 18 and 24). (see notes 18 and 24).

### 16.12.22C

[deleted]

### 16.12.23

[deleted]

### 16.12.23A

The applicable reporting frequencies for data items referred to in SUP 16.12.22A R are set out in the table below. Reporting frequencies are calculated from a firm’s accounting reference date, unless indicated otherwise.

<table>
<thead>
<tr>
<th>Data item</th>
<th>Frequency</th>
<th>Unconsolidated BI-PRU investment firm and IFPRU investment firm</th>
<th>Solo consolidated BIPRU investment firm and IFPRU investment firm</th>
<th>UK Consolidation Group or defined liquidity group</th>
<th>Annual regulated business revenue up to and including £5 million</th>
<th>Annual regulated business revenue over £5 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>COREP/ FINREP</td>
<td>Refer to EU CRR and applicable technical standards</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Solvency statement</td>
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<td></td>
</tr>
<tr>
<td>FSA001</td>
<td>Quarterly or half yearly (Note 1)</td>
<td>Quarterly or half yearly (Note 1)</td>
<td>Half yearly</td>
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<td>FSA002</td>
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<td>Quarterly or half yearly</td>
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### Frequency

<table>
<thead>
<tr>
<th>Data item</th>
<th>COREP/ FINREP</th>
<th>Unconsolidated BIPRU investment firm and IFPRU investment firm</th>
<th>Solo consolidated BIPRU investment firm and IFPRU investment firm</th>
<th>UK Consolidation Group or defined liquidity group</th>
<th>Annual regulated business revenue up to and including £5 million</th>
<th>Annual regulated business revenue over £5 million</th>
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<td>Monthly, quarterly or half yearly (Notes 2 and 11)</td>
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<td>Quarterly or half yearly (Notes 1 and 11)</td>
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<td>Quarterly or half yearly (Notes 1 and 11)</td>
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<td>Quarterly</td>
<td>Quarterly</td>
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<td>Half yearly (Note 11)</td>
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<tr>
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<td>Quarterly or half yearly (Note 1)</td>
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<td>Quarterly</td>
<td>Quarterly</td>
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<td>Daily, weekly, monthly or quarterly (Notes 4, 5, 7 and 10)</td>
<td>Daily, weekly, monthly or quarterly (Notes 4, 6 and 7)</td>
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</tr>
<tr>
<td>FSA048</td>
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<td>Daily, weekly, monthly or quarterly</td>
<td>Daily, weekly, monthly or quarterly</td>
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<td>Data item</td>
<td>COREP/ FINREP</td>
<td>Frequency</td>
<td>Unconsolidated BIPRU investment firm</td>
<td>Solo consolidated BIPRU investment firm</td>
<td>UK Consolidation Group or defined illiquidity group</td>
<td>Annual regulated business revenue up to and including £5 million</td>
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<tr>
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<td>Monthly (Notes 4 and 10)</td>
<td>Monthly (Notes 4 and 10)</td>
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<td>Monthly (Notes 4 and 10)</td>
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<tr>
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<td>Weekly or monthly (Notes 4 and 8)</td>
<td>Weekly or monthly (Notes 4, 8 and 10)</td>
<td>Weekly or monthly (Notes 4, 8 and 10)</td>
<td>Weekly or monthly (Notes 4 and 9)</td>
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<td>Quarterly (Notes 4 and 10)</td>
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<td>Annually (Notes 4 and 10)</td>
<td>Annually (Notes 4 and 10)</td>
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<td>Quarterly (Note 11)</td>
<td>Quarterly (Note 11)</td>
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<td>Half yearly</td>
<td>Quarter yearly</td>
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<td>Half yearly</td>
<td>Half yearly</td>
<td>Quarter yearly</td>
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</tr>
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<td>Section B RMAR</td>
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<td>Half yearly</td>
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</tr>
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<td>Section C RMAR</td>
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<td>Half yearly</td>
<td>Quarter yearly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sections D1 and D2 RMAR</td>
<td>Half yearly</td>
<td>Half yearly</td>
<td>Half yearly</td>
<td>Quarter yearly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section E RMAR</td>
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<td>Half yearly</td>
<td>Half yearly</td>
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<td>Half yearly</td>
<td>Half yearly</td>
<td>Half yearly</td>
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<td></td>
</tr>
<tr>
<td>Section G RMAR</td>
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<td>Half yearly</td>
<td>Half yearly</td>
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</tbody>
</table>
### Frequency

<table>
<thead>
<tr>
<th>Data item</th>
<th>COREP/FINREP</th>
<th>Frequency</th>
<th>Solo consolidated BIPRU investment firm and IFPRU investment firm</th>
<th>Annual regulated business revenue up to and including £5 million</th>
<th>Annual regulated business revenue over £5 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section H RMAR</td>
<td></td>
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<td>Half yearly</td>
<td>Half yearly</td>
<td>Half yearly</td>
</tr>
<tr>
<td>Section J RMAR</td>
<td></td>
<td>Annually</td>
<td>Annually</td>
<td>Annually</td>
<td>Annually</td>
</tr>
<tr>
<td>Section K RMAR</td>
<td></td>
<td>Annually</td>
<td>Annually</td>
<td>Annually</td>
<td>Annually</td>
</tr>
</tbody>
</table>

**Note 1**

IFPRU 730K firms and IFPRU 125K firms - quarterly; IFPRU 50K firms and BIPRU firms - half yearly.

**Note 2**

IFPRU 730K firms - monthly; IFPRU 125K firms - quarterly; IFPRU 50K firms and BIPRU firms - half yearly.

**Note 3**

The reporting date for this data item is six months after a firm’s most recent accounting reference date.

**Note 4**

Reporting frequencies and reporting periods for this data item are calculated on a calendar year basis and not from a firm’s accounting reference date. In particular:

1. A week means the period beginning on Saturday and ending on Friday;
2. A month begins on the first day of the calendar month and ends on the last day of that month;
3. Quarters end on 31 March, 30 June, 30 September and 31 December;
4. Daily means each business day.

All periods are calculated by reference to London time.

Any changes to reporting requirements caused by a firm receiving an intra-group liquidity modification (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements if the firm receives that intra-group liquidity modification or variation part of the way through such a period, unless the intra-group liquidity modification says otherwise.

**Note 5**

If the report is on a solo basis the reporting frequency is as follows:

1. If the firm does not have an intra-group liquidity modification the frequency is:
   1. Weekly if the firm is a standard frequency liquidity reporting firm; and...
### Frequency

<table>
<thead>
<tr>
<th>Data item</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>COREP/FINREP</td>
<td>Refer to EU CRR and applicable technical standards</td>
</tr>
<tr>
<td>Unconsolidated BIPRU investment firm and IFPRU investment firm</td>
<td>(b) monthly if the <strong>firm</strong> is a low frequency liquidity reporting <strong>firm</strong>;</td>
</tr>
<tr>
<td>Solo consolidated BIPRU investment firm and IFPRU investment firm</td>
<td>(2) if the <strong>firm</strong> is a group liquidity reporting <strong>firm</strong> in a non-UK DLG by modification (firm level) the frequency is:</td>
</tr>
<tr>
<td>UK Consolidation Group or defined liquidity group</td>
<td>(a) weekly if the <strong>firm</strong> is a standard frequency liquidity reporting <strong>firm</strong>; and</td>
</tr>
<tr>
<td>Annual regulated business revenue up to and including £5 million</td>
<td>(b) monthly if the <strong>firm</strong> is a low frequency liquidity reporting <strong>firm</strong>;</td>
</tr>
<tr>
<td>Annual regulated business revenue over £5 million</td>
<td>(3) the frequency is quarterly if the <strong>firm</strong> is a group liquidity reporting <strong>firm</strong> in a UK DLG by modification.</td>
</tr>
</tbody>
</table>

### Note 6

(1) If the report is by reference to the **firm's DLG by default** the reporting frequency is:

(a) weekly if the **group liquidity standard frequency reporting conditions** are met; and

(b) monthly if the **group liquidity low frequency reporting conditions** are met.

(2) If the report is by reference to the **firm's UK DLG by modification** the reporting frequency is:

(a) weekly if the **group liquidity standard frequency reporting conditions** are met; and

(b) monthly if the **group liquidity low frequency reporting conditions** are met.

(3) If the report is by reference to the **firm's non-UK DLG by modification** the reporting frequency is quarterly.

### Note 7

(1) If the reporting frequency is otherwise weekly, the item is to be reported on every **business day** if (and for as long as) there is a **firm-specific liquidity stress** or **market liquidity stress** in relation to the **firm** or group in question.

(2) If the reporting frequency is otherwise monthly, the item is to be reported weekly if (and for as long as) there is a **firm-specific liquidity stress** or **market liquidity stress** in relation to the **firm** or group in question.

(3) A **firm** must ensure that it would be able at all times to meet the requirements for daily or weekly reporting under (1) or (2) even if there is no **firm-specific liquidity stress** or **market liquidity stress** and none is expected.
### Section 16.12: Integrated Regulatory Reporting

**16.12.24**

[deleted]

**16.12.24A**

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.

<table>
<thead>
<tr>
<th>Data Item</th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Half yearly</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>COREP/FINREP</td>
<td>Refer to EU CRR and applicable technical standards</td>
<td></td>
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</tr>
<tr>
<td>Solvency statement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3 months</td>
</tr>
<tr>
<td>FSA001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20 business days</td>
<td>30 business days (note 1); 45 business days</td>
</tr>
</tbody>
</table>

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**Frequency**

<table>
<thead>
<tr>
<th>Data item</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Un consolidated BIPRU investment firm and IFPRU investment firm</td>
<td>Solo consolidated BIPRU investment firm and IFPRU investment firm</td>
</tr>
<tr>
<td>UK Consolidation Group or defined liquidity group</td>
<td>Annual regulated business revenue up to and including £5 million</td>
</tr>
<tr>
<td>Annual regulated business revenue over £5 million</td>
<td></td>
</tr>
</tbody>
</table>

**Note 8**

If the report is on a solo basis the reporting frequency is as follows:

1. Weekly if the **firm** is a standard frequency liquidity reporting **firm**; and
2. Monthly if the **firm** is a low frequency liquidity reporting **firm**.

**Note 9**

If the report is by reference to the **firm’s UK DLG by modification** the reporting frequency is:

1. Weekly if the **group liquidity standard frequency reporting conditions** are met;
2. Monthly if the **group liquidity low frequency reporting conditions** are met.

**Note 10**

As specified in [SUP 16.12.22A R](#), solo consolidation has no application to liquidity reporting. Therefore, it does not make any difference to the reporting of this item whether or not the **firm** is solo consolidated.

**Note 11**

Only applicable to **firms** that are not required to report a **data item** with a similar name and purpose under the EU CRR and applicable technical standards.
<table>
<thead>
<tr>
<th>Data Item</th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Half yearly</th>
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- 20 business days
- 30 business days (note 2)
- 30 business days (note 1); 45 business days (note 2)
- 2 months
- 15 business days
- 15 business days or one Month (Note 3)
<table>
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<th>Monthly</th>
<th>Quarterly</th>
<th>Half yearly</th>
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<td><strong>porting period for the item in question</strong></td>
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<td><strong>15 business days or one Month (Note 3)</strong></td>
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<td>(London time) on the second business day immediately following the last day of the reporting period for the item in question</td>
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(Note 3)
### Data Item Reporting

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<th>COREP/FINREP</th>
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<th>Monthly</th>
<th>Quarterly</th>
<th>Half yearly</th>
<th>Annual</th>
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<tr>
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</table>

**Note 1** For unconsolidated and solo consolidated reports.

**Note 2** For UK consolidation group reports.

**Note 3** It is one Month if the report relates to a non-UK DLG by modification.

### Regulated Activity Group 8

16.12.25 (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

The applicable data items referred to in SUP 16.12.4 are set out according to type of firm in the table below:

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Firms’ prudential category and applicable data item (note 1)</th>
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<tbody>
<tr>
<td></td>
<td>IFPRU investment firms and BIPRU firms</td>
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<td>Credit risk</td>
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<td>Market risk</td>
<td>COREP (Note 30)</td>
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<td>Market risk - supplementary</td>
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### Firms’ prudential category and applicable data item (note 1)

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<th>Firms other than BIPRU firms or IFPRU investment firms</th>
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<td>Large exposures</td>
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<td>UK Integrated group large exposures</td>
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<td>FSA028 (Note 9)</td>
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<td>Threshold conditions</td>
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Section F RMAR (note 17)

Section C RMAR (Note 13) or FSA039
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<th>IPRU(-INV) Chapter 5</th>
<th>IPRU(-INV) Chapter 9</th>
<th>IPRU(-INV) Chapter 13</th>
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<td>FSA055 (notes 23 and 28)</td>
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<td>Firms other than BIPRU firms or IFPRU investment firms</td>
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<td>IFPRU</td>
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<td>IPRI(-INV) Chapter 5</td>
<td>IPRI(-INV) Chapter 9</td>
<td>IPRI(-INV) Chapter 13</td>
</tr>
</tbody>
</table>

Questionnaire
Securitisation: trading book

Note 1: When submitting the completed data item required, a firm must use the format of the data item set out in SUP 16 Annex 24 R. Guidance notes for completion of the data items are contained in SUP 16 Annex 25 G.

Note 2: Firms that are members of a UK consolidation group are also required to submit this report on a UK consolidation group basis.

Note 3: This applies to a firm that is required to submit data item FSA003 and, at any time within the 12 months up to its latest accounting reference date ("the relevant period"), was reporting data item FSA004 ("Firm A") or not reporting this item ("Firm B").

In the case of Firm A it must report this data item if one or both of its last two submissions in the relevant period show that the threshold was exceeded.

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.

The threshold is exceeded where data element 77A in data item FSA003 is greater than £10 million, or its currency equivalent, at the relevant reporting date for the firm.

Note 4: This applies to a firm that is required to submit data item FSA003 and, at any time within the 12 months up to its latest accounting reference date ("the relevant period"), was reporting data item FSA005 ("Firm A") or not reporting this item ("Firm B").

In the case of Firm A it must report this data item if one or both of its last two submissions in the relevant period show that the threshold was exceeded.

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.

The threshold is exceeded where data element 93A in data item FSA003 is greater than £50 million, or its currency equivalent, at the relevant reporting date for the firm.

Note 5: Only applicable to firms with a VaR model permission.

Note 6: [deleted]
<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Firms’ prudential category and applicable data item (note 1)</th>
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<td>IFPRU investment firms and BIPRU firms</td>
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<td>IFPRU</td>
</tr>
</tbody>
</table>

Note 7 [deleted]

Note 8 Only applicable to IFPRU investment firms and BIPRU firms that:

(a) are subject to consolidated supervision under BIPRU 8, except those that are either included within the consolidated supervision of a group that includes a UK credit institution, or that have been granted an investment firm consolidation waiver; or

(b) have been granted an investment firm consolidation waiver; or

(c) are not subject to consolidated supervision under BIPRU 8.

An IFPRU investment firm and BIPRU firm under (a) must complete the report on the basis of its UK consolidation group. An IFPRU investment firm and BIPRU firm under (b) or (c) must complete the report on the basis of its solo position.

Note 9 This will be applicable to firms that are members of a UK consolidation group on the reporting date.

Note 10 [deleted]

Note 11 Only applicable to a firm that is a sole trader or a partnership, when the report must be submitted by each partner.

Note 12 Only applicable to a firm that has both a core UK group and a non-core large exposures group.

Note 13 FSA039 must only be completed by a firm subject to IPRU(INV) Chapter 13 which is an exempt CAD firm. Section C RMAR must only be completed by a firm subject to IPRU(INV) Chapter 13 which is not an exempt CAD firm.

Note 14 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 15 FSA032 must be completed by a firm subject to IPRU(INV) Chapter 13 which is an exempt CAD firm.

Note 16 [deleted]

Note 17 This is only applicable to a firm subject to IPRU(INV) Chapter 13 that is not an exempt CAD firm.

Note 18 Only applicable to firms that have an IRB permission.

Note 19 Only applicable to firms that hold securitisation positions, or are the originator or sponsor of securitisations of non-trading book exposures.

Note 20 Only applicable to a firm that has a solo consolidation waiver.
**SUP 16 : Reporting**

**Section 16.12 : Integrated Regulatory Reporting**

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### Firms’ prudential category and applicable data item (note 1)

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>IFPRU investment firms and BIPRU firms</th>
<th>Firms other than BIPRU firms or IFPRU investment firms</th>
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<tr>
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</tr>
<tr>
<td></td>
<td></td>
<td>IPRU(−INV) Chapter 13</td>
</tr>
</tbody>
</table>

Note 21

A firm must complete this item separately on each of the following bases (if applicable).

1. It must complete it on a solo basis. Therefore even if it has a *solo consolidation waiver* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

2. If it is a *group liquidity reporting firm* in a DLG by *default* and is a *UK lead regulated firm*, it must complete the item on the basis of that group.

3. If it is a *group liquidity reporting firm* in a *UK DLG by modification*, it must complete the item on the basis of that group.

4. If it is a *group liquidity reporting firm* in a *non-UK DLG by modification*, it must complete the item on the basis of that group.

---

Note 22

A firm must complete this item separately on each of the following bases that are applicable.

1. It must complete it on a solo basis unless it is a *group liquidity reporting firm* in a *UK DLG by modification*. Therefore even if it has a *solo consolidation waiver* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

2. If it is a *group liquidity reporting firm* in a *UK DLG by modification*, it must complete the item on the basis of that group.

---

Note 23

If it is a *non-ILAS BIPRU firm*, it must complete it on a solo basis. Therefore even if it has a *solo consolidation waiver* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

---

Note 24

1. This item must be reported in the reporting currency.

2. If any *data element* is in a currency or currencies other than the reporting currency, all currencies (including the reporting currency) must be combined into a figure in the reporting currency.

3. In addition, all *material currencies* (which may include the reporting currency) must each be recorded separately (translated into the reporting currency). However if:

   a. the reporting frequency is (whether under a *rule* or under a *waiver*) quarterly or less than quarterly; or

   b. the only *material currency* is the reporting currency;

   (3) does not apply.

4. If there are more than three *material currencies* for this *data item*, (3) only applies to the three largest in amount. A *firm* must identify the largest in amount in accordance with the following procedure.

   a. For each currency, take the largest of the asset or liability figure as referred to in the definition of *material currency*.

   b. Take the three largest figures from the resulting list of amounts.
### SUP 16 : Reporting
#### Section 16.12 : Integrated Regulatory Reporting

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Firms’ prudential category and applicable data item (note 1)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>IFPRU investment firms and BIPRU firms</td>
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<tr>
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<td>IFPRU</td>
</tr>
<tr>
<td>(5) The date as at which the calculations for the purposes of the definition of <strong>material currency</strong> are carried out is the last day of the reporting period in question.</td>
<td></td>
</tr>
<tr>
<td>(6) The reporting currency for this <strong>data item</strong> is whichever of the following currencies the <strong>firm</strong> chooses, namely USD (the United States Dollar), EUR (the euro), GBP (sterling), JPY (the Japanese Yen), CHF (the Swiss Franc), CAD (the Canadian Dollar) or SEK (the Swedish Krona).</td>
<td></td>
</tr>
</tbody>
</table>

**Note** 25

Note 24 applies, except that paragraphs (3), (4) and (5) do not apply, meaning that **material currencies** must not be recorded separately.

**Note** 26

Any changes to reporting requirements caused by a **firm** receiving an **intra-group liquidity modification** (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements for the **data item** in question if the **firm** receives that **intra-group liquidity modification** or variation part of the way through such a period. If the change is that the **firm** does not have to report a particular **data item** or does not have to report it at a particular **reporting level**, the **firm** must nevertheless report that item or at that **reporting level** for any reporting period that has already begun. This paragraph is subject to anything that the **intra-group liquidity modification** says to the contrary.

**Note** 27

Only applicable to **firms** that hold **securitisation positions** in the **trading book** and/or are the **originator or sponsor** of **securitisations** held in the **trading book**.

**Note** 28

FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054 must be completed by an **ILAS BIPRU firm**. An **ILAS BIPRU firm** does not need to complete FSA055. A **non-ILAS BIPRU firm** must complete FSA055 and does not need to complete FSA047, FSA048, FSA050, FSA051, FSA052, FSA053 and FSA054.

**Note** 29

This **data item** must be reported only in the currencies named in FSA052, so that liabilities in GBP are reported in GBP in rows 1 to 4, those in USD are reported in USD in rows 5 to 8, and those in Euro are reported in Euro in rows 9 to 12. Liabilities in other currencies are not to be reported.

**Note** 30

Requirements under **COREP** and **FINREP** should be determined with reference to the **EU CRR** and applicable technical standards.

### 16.12.25B

The column in the table in ■SUP 16.12.25A R that deals with **IFPRU firms** cover some liquidity items that only have to be reported by an **ILAS BIPRU firm** (see notes 23 and 28).

### 16.12.25C

[deleted]

### 16.12.26

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.

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<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
<td>Daily, weekly, monthly or quarterly (Notes 5, 6 and 8)</td>
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### Firms’ prudential category

<table>
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<tr>
<th>Data item</th>
<th>IFPRU 730K firm</th>
<th>IFPRU 125K firm</th>
<th>IFPRU 50K firm</th>
<th>BIPRU firm</th>
<th>Refer to EU CRR and applicable technical standards</th>
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- **Refer to** EU CRR and applicable technical standards

### Reporting Requirements

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<th>Frequency</th>
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<td>RMAR</td>
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<td>C</td>
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<tr>
<td>D1</td>
<td>RMAR</td>
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<tr>
<td>F</td>
<td>RMAR</td>
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</tr>
</tbody>
</table>

### Notes

- **Note 1** [deleted]
- **Note 2** Annual regulated business revenue up to and including £5 million.
- **Note 3** Annual regulated business revenue over £5 million.
- **Note 4** The reporting date for this data item is six months after a firm’s most recent accounting reference date.
- **Note 5** Reporting frequencies and reporting periods for this data item are calculated on a calendar year basis and not from a firm’s accounting reference date. In particular:
  1. A week means the period beginning on Saturday and ending on Friday.
  2. A month begins on the first day of the calendar month and ends on the last day of that month.
  3. Quarters end on 31 March, 30 June, 30 September and 31 December.
  4. Daily means each business day.

All periods are calculated by reference to London time.
### Firms' prudential category

<table>
<thead>
<tr>
<th>Data item</th>
<th>IFPRU 730K firm</th>
<th>IFPRU 125K firm</th>
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<th>BIPRU firm</th>
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</thead>
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<td>Refer to EU CRR and applicable technical standards</td>
<td>Refer to EU CRR and applicable technical standards</td>
<td>Refer to EU CRR and applicable technical standards</td>
</tr>
</tbody>
</table>

*UK consolidation group or defined liquidity group*  
*Firms other than BI-PRU firms or IFPRU investment firms*

Any changes to reporting requirements caused by a firm receiving an *intra-group liquidity modification* (or a variation to one) do not take effect until the first day of the next reporting period applicable under the changed reporting requirements if the firm receives that *intra-group liquidity modification* or variation part of the way through such a period, unless the *intra-group liquidity modification* says otherwise.

**Note 6**  
If the report is on a solo basis the reporting frequency is as follows:  
(1) if the firm does not have an *intra-group liquidity modification* the frequency is:  
(a) weekly if the firm is a standard frequency liquidity reporting firm; and  
(b) monthly if the firm is a low frequency liquidity reporting firm;  
(2) if the firm is a group liquidity reporting firm in a non-UK DLG by modification (firm level) the frequency is:  
(a) weekly if the firm is a standard frequency liquidity reporting firm; and  
(b) monthly if the firm is a low frequency liquidity reporting firm;  
(3) the frequency is quarterly if the firm is a group liquidity reporting firm in a UK DLG by modification.

**Note 7**  
(1) If the report is by reference to the firm's DLG by default the reporting frequency is:  
(a) weekly if the *group liquidity standard frequency reporting conditions* are met;  
(b) monthly if the *group liquidity low frequency reporting conditions* are met.  
(2) If the report is by reference to the firm's UK DLG by modification the reporting frequency is:  
(a) weekly if the *group liquidity standard frequency reporting conditions* are met;  
(b) monthly if the *group liquidity low frequency reporting conditions* are met.  
(3) If the report is by reference to the firm's non-UK DLG by modification the reporting frequency is quarterly.
### Firms’ prudential category

<table>
<thead>
<tr>
<th>Data item</th>
<th>IFPRU 730K firm</th>
<th>IFPRU 125K firm</th>
<th>IFPRU 50K firm</th>
<th>BIPRU firm</th>
<th>Firms other than BI-PRU firms or IFPRU investment firms</th>
</tr>
</thead>
</table>

**COREP/FINREP**

Refer to EU CRR and applicable technical standards

#### Note 8

(1) If the reporting frequency is otherwise weekly, the item is to be reported on every business day if (and for as long as) there is a firm-specific liquidity stress or market liquidity stress in relation to the firm or group in question.

(2) If the reporting frequency is otherwise monthly, the item is to be reported weekly if (and for as long as) there is a firm-specific liquidity stress or market liquidity stress in relation to the firm or group in question.

(3) A firm must ensure that it would be able at all times to meet the requirements for daily or weekly reporting under paragraph (1) or (2) even if there is no firm-specific liquidity stress or market liquidity stress and none is expected.

#### Note 9

If the report is on a solo basis the reporting frequency is as follows:

(1) weekly if the firm is a standard frequency liquidity reporting firm; and

(2) monthly if the firm is a low frequency liquidity reporting firm.

#### Note 10

If the report is by reference to the firm’s UK DLG by modification the reporting frequency is:

(1) weekly if the group liquidity standard frequency reporting conditions are met;

(2) monthly if the group liquidity low frequency reporting conditions are met.

### 16.12.26A

[deleted]

### 16.12.27

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.
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### SUP 16 : Reporting

#### Section 16.12 : Integrated Regulatory Reporting

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<td>Quarterly</td>
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(Note 1); 45 business days (note 2)

(Note 1); 45 business days (note 2)

(Note 3)
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### Data item

**COREP/FINREP**

Refer to *EU CRR* and applicable technical standards

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<th>Monthly</th>
<th>Quarterly</th>
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</tbody>
</table>

**Note 1** For unconsolidated and solo consolidated reports.

**Note 2** For UK consolidation group reports.

**Note 3** It is one *Month* if the report relates to a *non-UK DLG* by modification.

---

**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*. 
The applicable data items, reporting frequencies and submission deadlines referred to in Section 16.12 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.

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<th>Description of data item</th>
<th>Data item (note 1)</th>
<th>Frequency</th>
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<tr>
<td>Balance Sheet</td>
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</tr>
<tr>
<td>Income Statement</td>
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<td>Quarterly</td>
</tr>
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<td>Capital Adequacy (note 3)</td>
<td>Section D1 RMAR</td>
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<td>Quarterly</td>
</tr>
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<td>Professional indemnity insurance (note 2)</td>
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<td>Quarterly</td>
</tr>
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<td>Threshold Conditions</td>
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<td>Half yearly</td>
</tr>
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<td>Training and Competence</td>
<td>Section G RMAR</td>
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<td>Half yearly</td>
</tr>
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<td>COBS data</td>
<td>Section H RMAR</td>
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<td>Annually</td>
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<td>Client money and client assets (note 3)</td>
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<td>Quarterly</td>
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<td>Fees and levies</td>
<td>Section J RMAR</td>
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<td>Annually</td>
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</tbody>
</table>

Note 1 When submitting the completed data item required, a firm must use the format of the data item set out in SUP 16 Annex 18A. Guidance notes for the completion of the data items is set out in SUP 16 Annex 18B.

Note 2 This item only applies to firms that may be subject to an FCA requirement to hold professional indemnity insurance and are not exempt CAD firms.

Note 3 This 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.

This item also does not apply if the firm is a P2P platform operator facilitating home finance transactions and is not
Regulated Activity Group 10

16.12.29 RIEs have separate reporting as set out in REC.

Regulated Activity Group 11

16.12.29A A firm must submit the form contained in SUP 16 Annex 32 R (Bidding in emissions auctions return) annually within 30 business days from its accounting reference date unless the firm did not carry on any auction regulation bidding during the year to which that form relates.

Regulated Activity Group 12

16.12.29B 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 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.

<table>
<thead>
<tr>
<th>Description of data item</th>
<th>Data item (note 1)</th>
<th>Frequency</th>
<th>Submission deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual regulated business revenue up to and including £5 million</td>
<td>Annual regulated business revenue over £5 million</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Description of data item | Data item (note 1) | Frequency | Submission deadline
---|---|---|---
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 data item, a firm must use the format of the data item 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 firm do not include the amount of any repayment of any credit provided by that firm as lender.

Note 3 (a) Subject to (b) to (d) below, this data item applies to all credit firms.

(b) This data item does not apply to a firm if the only credit-related regulated activity for which it has permission is operating an electronic system in relation to lending.

(c) This data item does not apply to a firm required to submit a Balance Sheet, Income Statement or Capital Adequacy data item from a RAG other than RAG 12.

(d) This data item does not apply to a firm with limited permission unless it is a not-for-profit debt advice body and at any point in the last 12 months has held £1 million or more in client money or as the case may be, projects that it will hold £1 million or more in client money in the next 12 months.

Note 4 (a) Subject to (b) below, this data item applies to all credit firms.

(b) This data item does not apply to a firm with limited permission unless it is a not-for-profit debt advice body and at any point in the last 12 months has held £1 million or more in client money or as the case may be, projects that it will hold £1 million or more in client money in the next 12 months.

Note 5 This data item applies to all firms with permission for 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.
16.12.30 R

Authorised professional firms

(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 mediation;

(ii) mortgage mediation;
(iii) retail investment;
(iv) mortgage lending;
(v) mortgage administration; 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

<table>
<thead>
<tr>
<th>Report</th>
<th>Return (note 1)</th>
<th>Frequency (Note 4)</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate information relating to the following activities:</td>
<td>RMAR (Note 3)</td>
<td>Half yearly (quarterly for sections A to E for larger firms, subject to Note 3 exemptions) (note 2)</td>
<td>For half yearly report: 30 business days after period end For quarterly report: 30 business days after quarter end</td>
</tr>
<tr>
<td>(1) insurance mediation activity;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) mortgage mediation activity;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) retail investment activity;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) advising on, or arranging deals in, packaged products, or managing investments for private customers where these activities are the authorised professional firm’s</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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 UK-regulated EEA 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)

<table>
<thead>
<tr>
<th>Content of Report</th>
<th>Form (Note 1)</th>
<th>Frequency</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation of supplementary capital adequacy requirements in accordance with</td>
<td>Note 2</td>
<td>Note 5</td>
<td>Yearly</td>
</tr>
<tr>
<td>Note 2</td>
<td>Note 5</td>
<td>Note 5</td>
<td></td>
</tr>
</tbody>
</table>
### Content of Form (Note 1) Frequency Due Date

<table>
<thead>
<tr>
<th>Content of Report</th>
<th>Form (Note 1)</th>
<th>Frequency</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>one of the three technical calculation methods</td>
<td>Note 3</td>
<td>Yearly</td>
<td>4 months after year end</td>
</tr>
<tr>
<td>Identification of significant <strong>risk concentration</strong> levels</td>
<td>Note 3</td>
<td>Yearly</td>
<td>4 months after year end</td>
</tr>
<tr>
<td>Identification of significant <strong>intra-group transactions</strong></td>
<td>Note 4</td>
<td>Yearly</td>
<td>4 months after year end</td>
</tr>
<tr>
<td>Report on compliance with GEN-PRU 3.1.35 R where it applies</td>
<td>Note 6</td>
<td>Note 5</td>
<td>Note 5</td>
</tr>
</tbody>
</table>

**Note 1**
When giving the report required, a firm must use the form indicated, if any.

**Note 2**
In respect of FCA-authorised persons, 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 financial conglomerate for which the FCA is the co-ordinator must discuss with the FCA 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 financial conglomerate to use, each financial conglomerate for which the FCA is the co-ordinator must discuss with the FCA the form of the information to be reported. This should mean that usual information management systems of the financial conglomerate can be used to the extent possible to generate and analyse the information required.

When reviewing the risk concentration levels, the FCA will in particular monitor the possible risk of contagion in the financial conglomerate, the risk of a conflict of interests, the risk of circumvention of sectoral rules, and the level or volume of risks.

**Note 4**
For the purposes of this reporting requirement, an intra-group transaction will be presumed to be significant if its amount exceeds 5% of the total amount of capital adequacy requirements at the level of the financial conglomerate.

Rather than specifying a standard format for each financial conglomerate to use, each financial conglomerate for which the FCA is the co-ordinator must discuss with the FCA the form of the information to be 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.
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.

**Note 5**

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.

<table>
<thead>
<tr>
<th>Content of Report</th>
<th>Form (Note 1)</th>
<th>Frequency</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>When reviewing the <em>intra-group transactions</em>, the FCA will in particular monitor the possible risk of contagion in the <em>financial conglomerate</em>, the risk of a conflict of interest, the risk of circumvention of <em>sectoral rules</em>, and the level or volume of risks.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Note 5</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The frequency and due date will be as follows:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) <strong>banking and investment services conglomerate</strong>: frequency is yearly with due date 45 <em>business days</em> after period end; and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) <strong>insurance conglomerate</strong>: 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.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Note 6</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adequate information must be added as a separate item to the relevant form for sectoral reporting.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
16.13 Reporting under the Payment Services Regulations

Application

This section applies to a payment service provider as set out in this section (see SUP 16.1.1A D).

Purpose

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) give directions to **EEA authorised payment institutions** under regulation 30(4) of the **Payment Services Regulations** in relation to:

(a) the information that they must provide to the **FCA** in respect of the **payment services** they carry on in the **United Kingdom** in exercise of passport rights; 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.

16.13.2A **G**

The purpose for which this section requires information to be provided to the **FCA** under regulation 109 of the **Payment Services Regulations** 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 **Payment Services Regulations**.

16.13.2A **G**

The purpose of this section is also to set out the rules applicable to **payment service providers** in relation to complete and timely reporting and failure to submit reports.

16.13.2B **G**

*Authorised payment institutions* and *small payment institutions* should refer to the transitional provisions in **SUP TP 1.11** (Payment services and electronic money returns).

### Reporting requirement

16.13.3 **D**

(1) An **authorised payment institution**, a **small payment institution**, an **EEA authorised payment institution** or a **registered account information service provider** 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**.

(2) An **authorised payment institution**, a **small payment institution** or a **registered account information service provider** must submit the return referred to in (1):

(a) in the format specified as applicable in column (3) of the table in **SUP 16.13.4D**;

(b) at the frequency and in respect of the periods specified in column (4) of that table;

(c) by the due date specified in column (5) of that table; and

(d) by electronic means made available by the **FCA**.

16.13.3A **D**

**SUP 16.4.5R** (Annual controllers report) and **SUP 16.5.4R** (Annual Close Links Reports) apply to an **authorised payment institution** as if a reference to **firm** in these rules were a reference to an **authorised payment institution**.

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**, **EEA authorised 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, EEA authorised payment institutions and registered account information service providers.

<table>
<thead>
<tr>
<th>(1) Type of payment service provider</th>
<th>(2) Return</th>
<th>(3) Format</th>
<th>(4) Reporting Frequency</th>
<th>(5) Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>authorised payment institution</td>
<td>Authorised Payment Institution Capital Adequacy Return</td>
<td>FSA056 (Note 1)</td>
<td>Annual (Note 2)</td>
<td>30 business days (Note 3)</td>
</tr>
<tr>
<td>registered account information service provider</td>
<td>Authorised Payment Institution Capital Adequacy Return</td>
<td>FSA056 (Note 1)</td>
<td>Annual (Note 2)</td>
<td>30 business days (Note 3)</td>
</tr>
<tr>
<td>small payment institution</td>
<td>Payment Services Directive Transactions</td>
<td>FSA057 (Note 4)</td>
<td>Annual (Note 5)</td>
<td>1 month (Note 3)</td>
</tr>
</tbody>
</table>

Note 1 When submitting the completed return required, the authorised payment institution or registered account information service provider 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 authorised payment institution’s or registered account information service provider’s 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 small payment institution 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.
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.

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;

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.

In the case of an authorised payment institution, an authorised electronic money institution or a credit institution:

(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.

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.

Payment service providers should use the return in SUP 16 Annex 27ED to comply with the EBA’s Guidelines on fraud reporting. Payment service providers should note that article 16(3) of Regulation (EU) 1093/2010 requires them to make every effort to comply with the EBA’s Guidelines. 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

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.

16.13.9 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.

16.13.10 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. 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.


Payment service providers must comply with the EBA’s Guidelines on security measures for operational and security risks of payment services as issued on 12 December 2017 where they are addressed to payment service providers.

16.13.11 G 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.
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.

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.

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.

Payment service providers should note that article 16(3) of Regulation (EU) No. 1093/2010 also requires them to make every effort to comply with the EBA’s Guidelines on security measures for operational and security risks of payment services.

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 Directive.

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 Directive.

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 Directive.
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 SUP 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.


Reporting statistics on the availability and performance of a dedicated interface

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.

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.

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 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 6.1.18R(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.

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

A CMAR must be submitted by electronic means made available by the FCA.

Reporting of ‘unbreakable’ client money deposits

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.
(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.

16.14.8

(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.
16.15 Reporting under the Electronic Money Regulations

Application

16.15.1 This section applies to electronic money issuers that are not credit institutions (see SUP 16.1.1B D).

Purpose

16.15.2 The purpose of this section is to give directions to the electronic money issuers referred to in SUP 16.1.1B D under regulation 49 (Reporting requirements) of the Electronic Money Regulations in relation to:

1. the information in respect of their issuance of electronic money and provision of payment services and their compliance with requirements imposed by or under Parts 2 to 5 of the Electronic Money Regulations that they must provide to the FCA; and

2. the time at which and the form in which they must provide that information.

16.15.3 The purpose of this section is also to set out the rules applicable to these types of electronic money issuers in relation to complete and timely reporting and, where relevant, the failure to submit reports.

16.15.3A Electronic money institutions should refer to the transitional provisions in SUP TP 1.11 (Payment services and electronic money returns).

Reporting requirement

16.15.4 An electronic money issuer that is not a credit institution must submit to the FCA:

1. the duly completed return applicable to it as set out in column (2) of the table in SUP 16.15.8 D; and

2. the return referred to in (1):
   
a. in the format specified as applicable in column (3) of the table in SUP 16.15.8 D;

b. at the frequency and in respect of the periods specified in column (4) of that table;
(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 authorized electronic money institution as if a reference to firm in these rules were a reference to an authorized 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 that has reported total revenue of £5 million or more as at its last accounting reference date 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 authorized electronic money institution and a small electronic money institution as if a reference to firm in these rules were a reference to an authorized 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 authorized electronic money institution and a small electronic money institution as if a reference to firm in these rules were a reference to an authorized 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.

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
<th>(4)</th>
<th>(5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of electronic money issuer</td>
<td>Return</td>
<td>Format</td>
<td>Reporting Frequency</td>
<td>Due date (Note 4)</td>
</tr>
<tr>
<td>Authorised electronic money institution (Note 1)</td>
<td>EMI and SEMI Questionnaire</td>
<td>FIN060</td>
<td>Annual (Note 3)</td>
<td>30 business days</td>
</tr>
<tr>
<td>Small electronic money institutions (Note 2)</td>
<td>EMI and SEMI Questionnaire</td>
<td>FIN060</td>
<td>Annual (Note 5)</td>
<td>30 business days</td>
</tr>
<tr>
<td></td>
<td>Total electronic money outstanding @ 31st December</td>
<td>FSA065</td>
<td>Annual (Note 5)</td>
<td>1 month</td>
</tr>
<tr>
<td>Type of electronic money issuer</td>
<td>Return</td>
<td>Format</td>
<td>Reporting Frequency</td>
<td>Due date (Note 4)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------</td>
<td>--------</td>
<td>---------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>(a) the Post Office Limited</td>
<td>Average outstanding electronic money</td>
<td>No standard format</td>
<td>Annual (Note 6)</td>
<td>30 business days</td>
</tr>
<tr>
<td>(b) the Bank of England, the ECB and the national central banks of EEA States other than the United Kingdom</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Government departments and local authorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) credit unions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(e) municipal banks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(f) the National Savings Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note 1 When submitting the completed returns required, the authorised electronic money institution 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 small electronic money institution must use the format of the returns 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 authorised electronic money institution’s accounting reference date.

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 small electronic money institution’s accounting reference date.

Note 6 This is calculated from 31 December each calendar year.
16.16 Prudent valuation reporting

Application

16.16.1 This section applies to a full-scope IFPRU investment firm which meets the condition in § SUP 16.16.2 R.

16.16.2 The condition referred to in § SUP 16.16.1 R is that, on its last accounting reference date, the firm had balance sheet positions measured at fair value which, on a gross basis (the sum of the absolute value of each of the assets and liabilities), exceeded £3 billion.

Purpose

16.16.3 (1) The purpose of this section is to set out the requirements for a firm specified in § SUP 16.16.1 R to report the outcomes of its prudent valuation assessments to the FCA and to do so in a standard format.

(2) The purpose of collecting this data on the prudent valuation assessments made by a firm is to assist the FCA in assessing the capital resources of firms, to enable the FCA to gain a wider understanding of the nature and sources of measurement uncertainty in fair-valued financial instruments, and to enable comparison of the nature and level of that measurement uncertainty across firms and over time.

[Note: articles 24 and 105 of the EU CRR]

Reporting requirement

16.16.4 (1) A firm to which this section applies must submit to the FCA quarterly (on a calendar year basis and not from a firm’s accounting reference date), within six weeks of each quarter end, a Prudent Valuation Return in respect of its fair-value assessments in the format set out in § SUP 16 Annex 31A.

(2) [deleted]

16.16.5 [deleted]

16.16.5A Where a firm to which § SUP 16.16.4 R applies is a member of a FCA consolidation group, the firm must comply with § SUP 16.16.4 R:
(1) on a solo-consolidation basis if the firm has an individual consolidation/solo consolidation permission, or on an unconsolidated basis if the firm does not have an individual consolidation/solo consolidation permission; and

(2) separately, on the basis of the consolidated financial position of the FCA consolidation group. (Firms’ attention is drawn to SUP 16.3.25 G regarding a single submission for all firms in the group.)
16.17 Remuneration reporting

Purpose

16.17.1 The purpose of this section is to ensure that the FCA receives regular and comprehensive information about remuneration in a standard format to assist it to benchmark remuneration trends and practices and to collect remuneration information on high earners. It also takes account of the Capital Requirements Regulations 2013 [SI 2013/3115] together with the European Banking Authority’s Guidelines to article 75(1) and (3) of the CRD.

Interpretation

16.17.2 In this section “UK lead regulated group” means an FCA consolidation group that is headed by an EEA parent institution, an EEA parent financial holding company or an EEA parent mixed financial holding company.

Method for submitting remuneration reporting

16.17.2A Firms must submit the reports required by ■ SUP 16.17.3 R and ■ SUP 16.17.4 R online through the appropriate systems accessible from the FCA’s website.

16.17.3 (1) A firm to which this rule applies must submit a Remuneration Benchmarking Information Report to the FCA annually.

(2) The firm must complete the Remuneration Benchmarking Information Report in the format set out in ■ SUP 16 Annex 33A.

(3) The firm must submit the Remuneration Benchmarking Information Report to the FCA within four months of the firm’s accounting reference date.

(4) A firm that:

(a) is not part of a UK lead regulated group must complete that report on an unconsolidated basis in respect of remuneration awarded to employees of the firm in the last completed financial year;

(b) is part of a UK lead regulated group must not complete that report on either a solo consolidation basis or an unconsolidated basis. It must complete that report on a consolidated basis in respect of remuneration awarded to all employees in the UK lead regulated group in the last completed financial year.
(5) The firm must complete the Remuneration Benchmarking Information Report using accounting year-end amounts in euros determined, if necessary, by reference to the exchange rate used by the European Commission for financial programming and the budget for December of the reported year.

(6) This rule applies to:

(a) an IFPRU investment firm; and

(b) an overseas firm that:
   (i) is not an EEA firm;
   (ii) has its head office outside the EEA; and
   (iii) would be an IFPRU investment firm, if it had been a UK domestic firm, had carried on all of its business in the United Kingdom and had obtained whatever authorisations for doing so as are required under the Act;

(c) is not, and does not have, an EEA parent institution, an EEA parent financial holding company or an EEA parent mixed financial holding company, and that had total assets equal to or greater than £50 billion on an unconsolidated basis on the accounting reference date immediately prior to the firm’s last complete financial year.

(7) This rule also applies to:

(a) an IFPRU investment firm; and

(b) an overseas firm that
   (i) is not an EEA firm;
   (ii) has its head office outside the EEA; and
   (iii) would be an IFPRU investment firm, if it had been a UK domestic firm, had carried on all of its business in the United Kingdom and had obtained whatever authorisations for doing so as are required under the Act;

that:

(c) is part of a UK lead regulated group, and that had total assets equal to or greater than £50 billion on an unconsolidated basis on the accounting reference date immediately prior to the firm’s last complete financial year.

(8) In this rule “total assets” means:

(a) in relation to an IFPRU investment firm, its total assets as set out in its balance sheet on the relevant accounting reference date; and

(b) in relation to an overseas firm in (7)(b) and (8)(b), the total assets of the overseas firm as set out in its balance sheet on the relevant accounting reference date that cover the activities of the branch operation in the United Kingdom.
16.17.4  High Earners Reporting Requirements

(1) A firm to which this rule applies must submit a High Earners Report to the FCA annually.

(2) The firm must submit that report to the FCA within four months of the end of the firm’s accounting reference date.

(3) A firm that is not part of a UK lead regulated group must complete that report on an unconsolidated basis in respect of remuneration awarded in the last completed financial year to all high earners of the firm who mainly undertook their professional activities within the EEA.

(4) A firm that is part of a UK lead regulated group must not complete that report on either a solo consolidation basis or an unconsolidated basis. The firm must complete that report on a consolidated basis in respect of remuneration awarded in the last completed financial year to all high earners who mainly undertook their professional activities within the EEA at:
   (a) the EEA parent institution, EEA parent financial holding company or EEA parent mixed financial holding company of the UK lead regulated group;
   (b) each subsidiary of the UK lead regulated group that has its registered office (or, if it has no registered office, its head office) in an EEA State; and
   (c) each branch of the UK lead regulated group that is established or operating in an EEA State.

(5) (a) The firm must complete a separate template, in the format set out in SUP 16 Annex 34A, for each EEA State in which there is a high earner, and for each payment bracket of EUR 1 million. Those templates together form the High Earners Report.
   (b) The number of high earners must be reported as the number of natural persons, independent of the number of working hours on which their contract is based.

(6) [deleted]

(7) [deleted]

(8) [deleted]

(9) The information in the High Earners Report must be denominated in Euros determined, if necessary, by reference to the exchange rate used by the European Commission for financial programming and the budget for December of the reported year.

(10) This rule applies to an IFPRU investment firm that is not, and does not have, an EEA parent institution, an EEA parent financial holding company or an EEA parent mixed financial holding company.

(11) This rule also applies to an IFPRU investment firm that is part of a UK lead regulated group.
(12) This rule also applies to a BIPRU firm, an exempt CAD firm, a local firm, or any other firm that is not a bank, a building society or an IFPRU investment firm:

(a) that is part of a UK lead regulated group; and

(b) where that UK lead regulated group contains either:

   (i) a bank, building society or an IFPRU investment firm; or

   (ii) an overseas firm that;

      (A) is not an EEA firm;

      (B) has its head office outside the EEA; and

      (C) would be a bank, building society or an IFPRU investment firm, if it had been a UK domestic firm, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under the Act.

(13) This rule also applies to an overseas firm that:

(a) is not an EEA firm;

(b) has its head office outside the EEA;

(c) would be an IFPRU investment firm, if it had been a UK domestic firm, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under the Act;

and either:

(d) is not, and does not have, an EEA parent institution, an EEA parent financial holding company or an EEA parent mixed financial holding company; or

(e) is part of a UK lead regulated group.

16.17.5 Firms’ attention is drawn to SUP 16.3.25 G regarding a single submission for all firms in a group.
16.18 AIFMD reporting

Application

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-EEA AIFM marketing in the UK; and
5. a small non-EEA AIFM marketing in the UK.

<table>
<thead>
<tr>
<th>Type of AIFM</th>
<th>Rules</th>
<th>Directions</th>
<th>Guidance</th>
<th>AIFMD level 2 regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>full-scope UK AIFM</td>
<td>FUND 3.4</td>
<td></td>
<td></td>
<td>Article 110 (Reporting to competent authorities) (as replicated in SUP 16.18.4 EU)</td>
</tr>
<tr>
<td>small authorised UK AIFM</td>
<td>SUP 16.18.6 R</td>
<td></td>
<td></td>
<td>Article 110 (Reporting to competent authorities) (as replicated in SUP 16.18.4 EU)</td>
</tr>
<tr>
<td>small registered UK AIFM</td>
<td>SUP 16.18.7 D</td>
<td></td>
<td></td>
<td>Article 110 (Reporting to competent authorities) (as replicated in SUP 16.18.4 EU)</td>
</tr>
<tr>
<td>above-threshold non-EEA AIFM mar</td>
<td>SUP 16.18.8 G</td>
<td></td>
<td></td>
<td>Article 110 (Reporting to competent authorities) (as replicated in SUP 16.18.4 EU)</td>
</tr>
</tbody>
</table>
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 16.18.4 EU) 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**

1. In order to comply with the requirements of the second sub-paragraph of Article 24(1) and of point (d) of Article 3(3) of Directive 2011/61/EU, an AIFM shall provide the following information when reporting to competent authorities:
   
   (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;
   
   (b) the markets of which it is a member or where it actively trades;
   
   (c) the diversification of the AIF’s portfolio, including, but not limited to, its principal exposures and most important concentrations.

   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.

2. For each of the EU AIFs they manage and for each of the AIFs they market in the Union, AIFMs shall provide to the competent authorities of their home Member State the following information in accordance with Article 24(2) of Directive 2011/61/EU:

   (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 point (a) of Article 23(4) of Directive 2011/61/EU;

   (b) any new arrangements for managing the liquidity of the AIF;
### Reporting to competent authorities

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c)</td>
<td>the risk management systems employed by the AIFM to manage the market risk, liquidity risk, counterparty risk and other risks including operational risk;</td>
</tr>
<tr>
<td>(d)</td>
<td>the current risk profile of the AIF, including:</td>
</tr>
<tr>
<td>(i)</td>
<td>the market risk profile of the investments of the AIF, including the expected return and volatility of the AIF in normal market conditions;</td>
</tr>
<tr>
<td>(ii)</td>
<td>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;</td>
</tr>
<tr>
<td>(e)</td>
<td>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</td>
</tr>
<tr>
<td>(f)</td>
<td>the results of periodic stress tests, under normal and exceptional circumstances, performed in accordance with point (b) of Article 15(3) and the second subparagraph of Article 16(1) of Directive 2011/61/EU.</td>
</tr>
</tbody>
</table>

3. The information referred to in paragraphs 1 and 2 shall be reported as follows:

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td>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 points (a) and (b) respectively of Article 3(2) of Directive 2011/61/EU but do not exceed EUR 1 billion, for each of the EU AIFs they manage and for each of the AIFs they market in the Union;</td>
</tr>
<tr>
<td>(b)</td>
<td>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 EU AIFs they manage, and for each of the AIFs they market in the Union;</td>
</tr>
<tr>
<td>(c)</td>
<td>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;</td>
</tr>
<tr>
<td>(d)</td>
<td>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.</td>
</tr>
</tbody>
</table>

4. By way of derogation from paragraph 3, the competent authority of the home Member State of the AIFM 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 Article 24(4) of Directive 2011/61/EU 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.
Reporting to competent authorities

7. In accordance with point (a) of Article 42(1) of Directive 2011/61/EU, for non-EU AIFMs, any reference to the competent authorities of the home Member State shall mean the competent authority of the Member State of reference.

[Note: Article 110 of the AIFMD level 2 regulation]

Reporting periods and end dates

16.18.5 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 A small authorised UK AIFM must report annually and its reporting period must end on 31 December in each calendar year.

16.18.7 A small registered UK AIFM must report annually and its reporting period must end on 31 December in each calendar year.

16.18.8 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 this section.

16.18.9 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 All periods in this section should be calculated by reference to London time.

Guidelines

16.18.11 ESMA’s guidelines on reporting obligations under articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD (http://www.esma.europa.eu/system/files/2013-1339_final_report_on_esma_guidelines_on_aifmd_reporting_for_publication_revised.pdf) provide further details in relation to the requirements in this section.
16.19 Immigration Act compliance reporting

Application

16.19.1 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


Method for submitting compliance reports

16.19.3 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 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 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

Application

16.20.1 This section applies to a firm or qualifying parent undertaking who is required to send any of the following types of information to the FCA:

1. recovery plans in line with IFPRU 11.2 (Individual recovery plans); or
2. group recovery plans in line with IFPRU 11.3 (Group recovery plans); or
3. information required for resolution plans in line with IFPRU 11.4 (Information for resolution plans).

Submission of recovery plans and group recovery plans

16.20.2 A firm or qualifying parent undertaking must send its recovery plan or group recovery plan to the FCA within three months of the reporting reference dates specified in the table below:

<table>
<thead>
<tr>
<th>Type of firm or qualifying parent undertaking</th>
<th>Type of plan</th>
<th>Total balance sheet assets (see SUP 16.20.3 G)</th>
<th>First reporting reference date</th>
<th>Ongoing reporting reference date</th>
</tr>
</thead>
<tbody>
<tr>
<td>firm or qualifying parent undertaking</td>
<td>group recovery plan</td>
<td>More than £2.5 billion</td>
<td>30 June 2015</td>
<td>Every year on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>in an RRD group that includes an IFPRU 730k</td>
<td></td>
<td>More than £1 billion and less than £2.5 billion</td>
<td>30 September 2015</td>
<td></td>
</tr>
<tr>
<td>firm that is a significant IFPRU firm or</td>
<td></td>
<td>More than £500 million and less than £1 billion</td>
<td>31 December 2015</td>
<td></td>
</tr>
<tr>
<td>does not include an IFPRU 730k firm</td>
<td></td>
<td>Less than £500 million</td>
<td>31 March 2016</td>
<td></td>
</tr>
<tr>
<td>significant IFPRU firm</td>
<td>recovery plan</td>
<td>More than £2.5 billion</td>
<td>30 June 2015</td>
<td>Every year on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More than £1 billion and less than £2.5 billion</td>
<td>30 September 2015</td>
<td></td>
</tr>
</tbody>
</table>
### Submission of recovery plans

A firm or qualifying parent undertaking must send the information required for a resolution plan to the FCA within three months of the reporting reference dates specified in the table below:

<table>
<thead>
<tr>
<th>Type of firm or qualifying parent undertaking</th>
<th>Total balance sheet assets (see SUP 16.20.3 G)</th>
<th>First reporting reference date</th>
<th>Ongoing reporting reference date</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than £500 million and less than £1 billion</td>
<td>31 December 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than £500 million</td>
<td>31 March 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than £50 million and less than £500 million</td>
<td>30 September 2015</td>
<td>Every two years on the same date as the first reporting reference date.</td>
<td></td>
</tr>
<tr>
<td>More than £15 million and less than £50 million</td>
<td>31 December 2015</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than £5 million and less than £15 million</td>
<td>31 March 2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than £5 million</td>
<td>30 June 2016</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Note: articles 4(1)(b) and 6(1) of RRD]

(1) The calculation of total balance sheet assets for SUP 16.20.2 R should be consistent with the way this figure is calculated for determining whether a firm is a significant IFPRU firm.

(2) For group recovery plans, the calculation of total balance sheet assets should be based on the assets of the largest RRD institution in the group.
### Type of firm or qualifying parent undertaking

<table>
<thead>
<tr>
<th>Type of firm or qualifying parent undertaking</th>
<th>First reporting reference date</th>
<th>Ongoing reporting reference date</th>
</tr>
</thead>
<tbody>
<tr>
<td>firm or qualifying parent undertaking in an RRD group that includes an IFPRU 730k firm that is a significant IFPRU firm or does not include an IFPRU 730k firm</td>
<td>30 June 2015</td>
<td>Every two years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>significant IFPRU firm</td>
<td>30 June 2015</td>
<td>Every two years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>firm or qualifying parent undertaking in an RRD group that includes an IFPRU 730k firm that is not a significant IFPRU firm (but does not include an IFPRU 730k firm that is a significant IFPRU firm)</td>
<td>31 December 2015</td>
<td>Every three years on the same date as the first reporting reference date.</td>
</tr>
<tr>
<td>non-significant IFPRU firm</td>
<td>31 December 2015</td>
<td>Every three years on the same date as the first reporting reference date.</td>
</tr>
</tbody>
</table>

[Note: articles 4(1)(b), 11(1) and 13(1) of RRD]

### Submission of information for RRD institutions and RRD groups authorised or created after the first reporting date

Where an RRD institution is authorised or an RRD group is created after the first reporting reference date that would have applied to that firm or qualifying parent undertaking in line with SUP 16.20.2 R and SUP 16.20.4 R, the firm or qualifying parent undertaking must:

1. send its first recovery plan or group recovery plan and resolution plan information within three months of the first quarter end date which falls after six months of the date of the authorisation of the RRD institution or creation of the RRD group; and
2. send its ongoing recovery plan or group recovery plan:
   a. every year within three months of the same date as the first reporting reference date for a significant IFPRU firm or a group that includes a significant IFPRU firm; or
   b. every two years within three months of the same date as the first reporting reference date for a firm that is not a significant IFPRU firm or a group that does not include a significant IFPRU firm.

### Method for submitting recovery plans and information for resolution plans

A firm must submit its recovery plan and the information required for its resolution plan to the FCA online through the appropriate systems accessible from the FCA’s website, using the forms specified in SUP 16 Annex 40R.
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 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 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 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 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.
The payment accounts report required by SUP 16.22.3D and SUP 16.22.4R must be submitted:

1. online using the appropriate system accessible from the FCA’s website;

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.

The first reporting period is the period commencing on 18 September 2016 and ending on 28 February 2018.

Subsequent reporting periods are consecutive periods of two years commencing on 1 March 2018 and on 1 March every other year thereafter.

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.

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.

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 This section applies to all firms subject to the Money Laundering Regulations, other than:

(1) a credit union;
(2) a P2P platform operator;
(3) an authorised professional firm;
(4) a firm with limited permissions only; or
(5) a firm excluded under SUP 16.23.2R.

16.23.2 Unless a firm is listed in the table below, this section does not apply to it where both of the following conditions are satisfied:

(1) the firm has reported total revenue of less than £5 million as at its last accounting reference date; and
(2) the firm only has permission to carry on one or more of the following activities:
   (a) advising on investments;
   (b) dealing in investments as agent;
   (c) dealing in investments as principal;
   (d) arranging (bringing about deals) in investments;
   (e) making arrangements with a view to transactions in investments;
   (f) assisting in the administration and performance of a contract of insurance in relation to non-investment insurance contracts;
   (g) agreeing to carry on a regulated activity;
   (h) advising on pension transfers and pension opt-outs;
   (i) credit-related regulated activity;
   (j) home finance mediation activity;
   (k) managing investments;
   (l) establishing, operating or winding up a collective investment scheme;
   (m) establishing, operating or winding up a personal pension scheme;
(n) establishing, operating or winding up a stakeholder pension scheme;
(o) managing a UCITS;
(p) managing an AIF;
(q) safeguarding and administering investments;
(r) acting as trustee or depositary of a UCITS;
(s) acting as trustee or depositary of an AIF; and/or
(t) operating a multilateral trading facility.

Table: Firms to which the exclusion in SUP 16.23.2R does not apply

| a UK bank;                                     |
| a building society;                            |
| a EEA bank;                                    |
| a non-EEA bank;                                 |
| a mortgage lender;                              |
| a mortgage administrator; or                   |
| a firm offering life and annuity insurance products. |

**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

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

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

This section applies to any firm required to produce an employers’ liability register in compliance with the requirements in ■ ICOBS 8.4.4R, which is:

(a) 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 United Kingdom commercial lines employers’ liability insurance; and

(b) an incoming EEA firm or incoming Treaty firm falling within (a), including those providing cross border services.

(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 ■ ICOBS 8.4.4R and ■ ICOBS 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

■ ICOBS 8.4.4R requires a firm to produce the register. The register must be produced in compliance with the updating requirements in ■ ICOBS 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 ■ ICOBS 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 of 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;
(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).

16.23A.5A

(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

(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...
(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.

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 44A.
16.24 Retirement income data reporting

Application

16.24.1 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) This rule does not apply to an incoming firm:

(a) in respect of that part of its business that was carried on as an electronic commerce activity; or

(b) if the customer is habitually resident in (and, if applicable, the State of the risk is) an EEA State other than the United Kingdom, to the extent that the EEA State in question imposes measures of like effect.

Purpose

16.24.2 (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 (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 Guidance for completion of the returns in ■SUP 16.24.3R(1) is set out in ■SUP 16 Annex 43BG.

16.24.5 Firms’ attention is drawn to ■SUP 16.3.25G regarding reports from a group.
16.25 Claims management reporting

Application

16.25.1 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 (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 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 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 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 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 A firm must submit the Annual Claims Management Report within 30 business days of the firm’s accounting reference date.
Group reporting

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.

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 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  
(1) An SMCR firm must submit a duly completed and accurate report to the FCA for each Directory person in accordance with the provisions of this section.

(2) The report for each Directory person must contain the information set out in SUP 16 Annex 47AR, and be:

   (a) submitted online through the appropriate system which is accessible from the FCA website; and

   (b) in the appropriate format.

16.26.7  
(1) When submitting a report to the FCA in respect of a Directory person an SMCR firm must confirm that all the information being reported to the FCA in respect of that Directory person is complete and accurate.

(2) That confirmation must be given online through the appropriate system which is accessible from the FCA website.

16.26.8  
(1) The information reported by the firm in respect of a Directory person which is to be included in the Directory will be uploaded onto the Directory shortly after the report is submitted.

(2) It is the responsibility of a firm to ensure that any information that it reports about relevant Directory persons is accurate and complete.

(3) The FCA will not verify the information about Directory persons which is reported by a firm.

(4) If a firm becomes aware of any inaccuracies or errors in the information reported about a Directory person it must rectify that information in accordance with applicable data protection legislation.

16.26.9  
There are notes which accompany SUP 16 Annex 47AR (Directory persons report) which are intended to help firms report the required information. The notes are in SUP 16 Annex 47BG (Guidance notes for Directory persons report in SUP 16 Annex 47AR).

16.26.10  
SUP 16.3.11R (Complete reporting) applies to the submission of Directory persons reports by an SMCR firm.
**Reporting requirements: exceptional circumstances**

**16.26.11** A firm may not report the information required in SUP 16 Annex 47AR (15) where that firm has reason to believe that making public a Directory person’s workplace location would put them at risk.

**Frequency and timing of reports: general**

**16.26.12**

1. A firm must submit a report required by this section in the frequency, and so as to be received by the FCA no later than the due date, specified for such a report.

2. 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 (see also SUP 16.26.6R and SUP 16.26.8G).

**Frequency and timing of reports: certification employees**

**16.26.13** In respect of a certification employee, an SMCR firm must submit a report within seven business days of:

1. the certification employee commencing performance of a certification function;

2. the certification employee ceasing performance of a certification function; or

3. the firm becoming aware of any other change to the information last reported to the FCA in respect of that certification employee.

**16.26.14** An example of when an SMCR firm would need to submit a report to the FCA under SUP 16.26.13R(3) is where the individual changes their name.

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.

**Frequency and timing of reports: non-SMF director Directory person**

**16.26.15** In respect of a non-SMF director Directory person, an SMCR firm must submit a report within seven business days of:

that person becoming a non-SMF director Directory person at the firm; or

that person ceasing to be a non-SMF director Directory person at the firm; or

the firm becoming aware of any other change to the information last reported to the FCA in respect of that individual.
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 \textsuperscript{SUP 16.26.18R};
(iii) submitted a confirmation in accordance with \textsuperscript{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

\textsuperscript{16.26.21} \textsuperscript{R} \textsuperscript{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.

\textsuperscript{16.26.22} \textsuperscript{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.

\textsuperscript{16.26.23} \textsuperscript{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.
[deleted]
FIN-A Annual Report and Accounts

<table>
<thead>
<tr>
<th>Annual Accounts</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 On what basis have the firm’s accounts been prepared?</td>
<td>IFRS / UK GAAP / Other / N/A</td>
</tr>
<tr>
<td>3 Did the firm generate income from regulated activities in the accounting period?</td>
<td>Yes / No / N/A</td>
</tr>
<tr>
<td>4 Are the firm’s net assets positive?</td>
<td>Yes / No / N/A</td>
</tr>
<tr>
<td>5 Are the firm’s annual report and accounts prepared on a going concern basis?</td>
<td>Yes / No / N/A</td>
</tr>
<tr>
<td>6 Does the firm have any contingent liabilities?</td>
<td>Yes / No / N/A</td>
</tr>
<tr>
<td>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 and/or provided written comment on internal controls?</td>
<td>Yes / No / N/A</td>
</tr>
</tbody>
</table>

[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 40C 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

<table>
<thead>
<tr>
<th>Annual Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> On what basis have the firm’s accounts been prepared?</td>
</tr>
<tr>
<td><em>Firms</em> 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 <em>annual report and accounts</em>.</td>
</tr>
<tr>
<td>If the <em>firm</em> is not subject to the reporting requirements in SUP 16.7A they should select ‘N/A’.</td>
</tr>
<tr>
<td><strong>3</strong> Did the firm generate income from regulated activities in the accounting period?</td>
</tr>
<tr>
<td><em>Firms</em> should indicate whether they have generated an income from regulated activities by selecting ‘Yes’ or ‘No’.</td>
</tr>
<tr>
<td><strong>4</strong> Are the firm’s net assets positive?</td>
</tr>
<tr>
<td><em>Firms</em> should indicate if the total value of their assets is greater or equal to the total value of their liabilities by selecting ‘Yes’. Where <em>firms’</em> assets are less than the total value of their liabilities they should select ‘No’.</td>
</tr>
<tr>
<td><strong>5</strong> Are the firm’s <em>annual report and accounts</em> prepared on a going concern basis?</td>
</tr>
<tr>
<td><em>Firms</em> should indicate whether the <em>annual report and accounts</em> were prepared on a going concern basis by selecting ‘Yes’ or ‘No’.</td>
</tr>
<tr>
<td><strong>6</strong> Does the firm have any contingent liabilities?</td>
</tr>
<tr>
<td><em>Firms</em> should indicate whether the most recent <em>annual report and accounts</em> or accompanying notes make reference to contingent liabilities by selecting ‘Yes’ or ‘No’.</td>
</tr>
</tbody>
</table>
### SUP 16 : Reporting requirements

#### Annex 1B

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
</table>
| 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 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; and/or  
(c) provided written comment on internal controls.  
*Firms* should select ‘No’ if:  
(d) the *annual report and accounts* have been subject to an audit, but none of the conditions at (a) to (c) apply.  
*Firms* should select ‘N/A’ if:  
(e) the *firm* is not subject to an audit requirement; or  
(f) the *firm* is not required to submit their *annual report and accounts*. |

#### Immigration Act 2014

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
</table>
| 2 | Has the firm complied with the prohibition in *[section 40](https://www.legislation.gov.uk/ukpga/2014/14/section/40)* of the *Immigration Act 2014*, the requirements imposed by or under *[sections 40A](https://www.legislation.gov.uk/ukpga/2014/14/section/40A), 40B and 40G](https://www.legislation.gov.uk/ukpga/2014/14/section/40B)* of the *Immigration Act 2014* and any requirements imposed by or under the *[Immigration Act 2014 (Bank Accounts) Regulations 2014)](https://www.legislation.gov.uk/uk规/14/629/629)?  
*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](https://www.legislation.gov.uk/ukpga/2014/14)”. |
[deleted]
[deleted]
[deleted]
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 6R
Guidance notes for completion of the FCA Persistency Report

This annex consists of guidance notes, which are available here: SUP 16 Annex 6A G
Annual questionnaire for authorised professional firms

This annex consists only of the Annual Questionnaire for Authorised Professional Firms

Forms/sup/SUP_16_ann_09_20181001.pdf
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 Chapter 16 Annex 9A G
Reports from depositaries of ICVCs, AUTs and ACSs [deleted]
Reports from depositaries of authorised funds
Guidance notes on reports from depositaries of authorised funds

### Monthly Return of Breaches – Authorised Funds

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breach Type</td>
<td>The specific rule in COLL or FUND that has been breached.</td>
</tr>
<tr>
<td>New Breaches</td>
<td>Breaches identified for the first time during the most recent reporting period.</td>
</tr>
<tr>
<td>Existing Breaches</td>
<td>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.</td>
</tr>
<tr>
<td>Maximum Percentage</td>
<td>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.</td>
</tr>
<tr>
<td>Breach Start Date</td>
<td>The date when the breach first occurred.</td>
</tr>
<tr>
<td>Breach Identification Date</td>
<td>The date when the breach was identified (this may be the same day as or later than the breach start date).</td>
</tr>
<tr>
<td>Breach Closure Date</td>
<td>The date when a breach was closed following the implementation of any corrective actions and if applicable, payment of compensation to the scheme and/or Unitholders.</td>
</tr>
<tr>
<td>Breach Description</td>
<td>A brief statement describing the nature of the breach, and why and how it occurred.</td>
</tr>
<tr>
<td>Action Taken or Planned</td>
<td>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 (&gt;6 months) project, timelines should be included.</td>
</tr>
</tbody>
</table>

### Quarterly Return of Oversight Visits – Authorised Funds

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Findings</td>
<td>A brief description of findings and conclusions, including examples.</td>
</tr>
<tr>
<td>Recommendations</td>
<td>Actions requested of the authorised fund manager by the depositary to remedy any findings. If resolution will require a long-term (&gt;6 months) project, timelines should be included.</td>
</tr>
<tr>
<td>AFM’s response and comments</td>
<td>Any statement from the authorised fund manager in response to the depositary’s findings and recommendations.</td>
</tr>
</tbody>
</table>
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]
Notes on completing the quarterly and annual returns for Credit Unions [deleted]
[deleted]
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
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* on the *Financial Services Register*

9. [deleted]
10. [deleted]
11. [deleted]

C: Other information about a *firm*

12. [deleted]
13. [deleted]
14. Name and address of *firm's* auditor
15. [deleted]
16. *Accounting reference 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
[deleted]
[deleted]
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 Chapter 16 Annex 18A R
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:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>APF</td>
<td>Authorised professional firm</td>
</tr>
<tr>
<td>AR</td>
<td>Appointed representative</td>
</tr>
<tr>
<td>CAD</td>
<td>The Capital Adequacy Directive</td>
</tr>
<tr>
<td>CASS</td>
<td>The Client Assets sourcebook, part of the Handbook</td>
</tr>
<tr>
<td>COBS</td>
<td>The Conduct of Business sourcebook, part of the Handbook</td>
</tr>
<tr>
<td>CREDS</td>
<td>The Credit unions sourcebook, part of the Handbook</td>
</tr>
<tr>
<td>DISP</td>
<td>Dispute resolution: Complaints sourcebook, part of the Handbook</td>
</tr>
<tr>
<td>EEA</td>
<td>The European Economic Area</td>
</tr>
<tr>
<td>ICOB</td>
<td>The Insurance: Conduct of Business sourcebook, part of the Handbook</td>
</tr>
<tr>
<td>IDD</td>
<td>The Insurance Distribution Directive</td>
</tr>
<tr>
<td>IMD</td>
<td>The Insurance Mediation Directive</td>
</tr>
<tr>
<td>IPRU(INV)</td>
<td>The Interim Prudential sourcebook for investment businesses, part of the Handbook</td>
</tr>
<tr>
<td>ISD</td>
<td>The Investment Services Directive</td>
</tr>
<tr>
<td>LTCI</td>
<td>Long term care insurance</td>
</tr>
<tr>
<td>MCOB</td>
<td>The Mortgages and Home Finance: Conduct of Business sourcebook, part of the Handbook</td>
</tr>
<tr>
<td>MiFID</td>
<td>The Markets in Financial Instruments Directive</td>
</tr>
<tr>
<td>MIPRU</td>
<td>The Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries</td>
</tr>
<tr>
<td>PII</td>
<td>Professional indemnity insurance</td>
</tr>
</tbody>
</table>
RMAR | Retail Mediation Activities Return, i.e. the information requirements to which these notes refer.
SUP | The Supervision manual, part of the Handbook
TC | Training and Competence, part of the Handbook

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.

<table>
<thead>
<tr>
<th>Prudential reporting requirements</th>
<th>Section A (balance sheet)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Section B (profit &amp; loss)</td>
</tr>
<tr>
<td></td>
<td>Section C (client money)</td>
</tr>
<tr>
<td></td>
<td>Section D (capital requirements)</td>
</tr>
<tr>
<td>Threshold conditions</td>
<td>Section E (professional indemnity insurance)</td>
</tr>
<tr>
<td></td>
<td>Section F (save in relation to questions about approved persons)</td>
</tr>
<tr>
<td>Training and Competence</td>
<td>Section G</td>
</tr>
<tr>
<td>Adviser charges</td>
<td>Section K</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Commissions (gross)</th>
<th>This should include all commission income in respect of the relevant regulated business:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• for home finance transactions, this includes commissions received for advising on home finance transactions and arranging, but not, providing and administration;</td>
</tr>
<tr>
<td></td>
<td>• for non-investment insurance contracts, it should include commissions received for advising, arranging and dealing activities;</td>
</tr>
<tr>
<td></td>
<td>• for retail investments, only commission received in relation to the relevant activities should be recorded here.</td>
</tr>
<tr>
<td>Gross commissions will include commission that is received and passed on to another person.</td>
<td></td>
</tr>
<tr>
<td>Commissions (net)</td>
<td>This should be the amount of the gross commission figure that is retained by the firm and, where applicable, its appointed representatives, (i.e. not passed on to another person) in respect of each type of business.</td>
</tr>
<tr>
<td>Fees/ Adviser charges / Consultancy charges</td>
<td>You should record here adviser charges and consultancy charges, and net income received from customers or other sources on a fixed fee rather than commission basis, but only in respect of the relevant regulated activities.</td>
</tr>
<tr>
<td>Other income from regulated activities</td>
<td>You should record here any income that has derived from the relevant regulated activities during the reporting period, which has not been recorded under commissions or fees, adviser charges or consultancy charges.</td>
</tr>
<tr>
<td></td>
<td>Such income may include interest on client money, where the firm is permitted to retain this, or payments made by product providers on a basis other than fees or commissions.</td>
</tr>
</tbody>
</table>
Regulated business revenue

This is the total of the firm's income during the reporting period in relation to its relevant regulated activities.

For an insurance intermediary or a home finance intermediary, this should be calculated in the same way as ‘annual income’, as specified in MIPRU 4.3.3R (although in this context the period is not generally annual).

This rule states: “For a firm which carries on insurance distribution activity or home finance mediation activity, annual income... is the amount of all brokerage, fees, commissions and other related income (for example, administration charges, overrides, profit shares) due to the firm in respect of or in relation to those activities”.

Income from other regulated activities

You should record here any income from other regulated activities outside the scope of the RMAR.

Other revenue (income from non-regulated activities)

You should record here any income from other regulated activities outside the scope of the RMAR.

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 mediation 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.
Supplement 16: Reporting
Annex 18B

Requirements

(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

<table>
<thead>
<tr>
<th>Question</th>
<th>Guidance notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your firm receive or hold money in the course of, or in connection</td>
<td>Firms should answer ‘yes’ here if they hold money such that CASS 5.1 to CASS 5.6 applies (see CASS 5.1.1R).</td>
</tr>
<tr>
<td>with, its insurance distribution activity?</td>
<td>Firms to which note 4 applies should also answer ‘yes’.</td>
</tr>
<tr>
<td>Has your firm elected under CASS 7.10.3R(1) or (2) to comply with CASS 7?</td>
<td>See note 3.</td>
</tr>
<tr>
<td>How does your firm hold money received in the course of, or in connection</td>
<td>You should answer ‘yes’ or ‘no’ under each of the headings, as appropriate.</td>
</tr>
<tr>
<td>with, its insurance distribution activity?</td>
<td>CASS 5 Client money:</td>
</tr>
<tr>
<td></td>
<td>As agent of insurer:</td>
</tr>
<tr>
<td></td>
<td>see CASS 5.1</td>
</tr>
<tr>
<td></td>
<td>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 client money.</td>
</tr>
<tr>
<td></td>
<td>Firms to which note 4 applies should select ‘no’ under each heading, unless they hold money when acting both in the capacity of an insurance broker and of a property management company.</td>
</tr>
<tr>
<td></td>
<td>A firm may answer ‘yes’ under both headings.</td>
</tr>
<tr>
<td>Is your firm’s CASS 5 client money held under the CASS 5.3 statutory trust</td>
<td>You should indicate here the type of trust under which client money is held:</td>
</tr>
<tr>
<td>or under one or more CASS 5.4 non-statutory trusts?</td>
<td>Statutory trust – see CASS 5.3</td>
</tr>
<tr>
<td></td>
<td>Non-statutory trust – see CASS 5.4</td>
</tr>
<tr>
<td></td>
<td>A firm may answer ‘yes’ under both headings.</td>
</tr>
<tr>
<td>If non-statutory, has an auditor’s confirmation of systems and controls</td>
<td>This refers to the requirement in CASS 5.4.4R(2) that the firm must obtain and keep current, written confirmation from its auditor that the firm has adequate systems and controls in place to meet the requirements under CASS 5.4.4R(1).</td>
</tr>
<tr>
<td>been obtained?</td>
<td>This requirement is separate to the annual audit requirement in SUP 3.10.</td>
</tr>
<tr>
<td></td>
<td>See CASS 5.5.14R which states that a firm may satisfy the requirement to segregate client money by segregating or arranging for the segregation of designated investments with a value at least equivalent to such money as would otherwise be segregated.</td>
</tr>
<tr>
<td></td>
<td>This means of segregation is only permitted for client money held under a non-statutory trust.</td>
</tr>
<tr>
<td>Is client money invested or placed in anything other than a client bank</td>
<td>You should indicate ‘yes’ here if the firm has invested any client money other than in a client bank account.</td>
</tr>
<tr>
<td>account?</td>
<td>See CASS 5.5.63R and CASS 5.5.66R to CASS 5.5.67R</td>
</tr>
<tr>
<td>Highest client money requirement (for money)</td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Guidance notes</td>
</tr>
<tr>
<td>----------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>Client money requirement as at end of the reporting period</strong></td>
<td>See CASS 5.5.63R and CASS 5.5.66R to CASS 5.5.68R</td>
</tr>
<tr>
<td><strong>Client money resource as at end of the reporting period</strong></td>
<td>See CASS 5.5.63R and CASS 5.5.65R</td>
</tr>
<tr>
<td><strong>Surplus (+) or deficit (-) of client money resource against client money requirement</strong></td>
<td>See CASS 5.5.63R This should be the difference between the client money requirement and the client money resource.</td>
</tr>
<tr>
<td><strong>Adjustments made to withdraw an excess or rectify a deficit</strong></td>
<td>See CASS 5.5.63R This should be the amount of money paid into or withdrawn from the client bank account following the client money calculation performed closest, and prior, to the end of the reporting period.</td>
</tr>
<tr>
<td><strong>Is your firm exempt from the client asset audit requirement?</strong></td>
<td>See SUP 3.1.2R note 4</td>
</tr>
</tbody>
</table>

A firm should enter the highest client money requirement calculated during the period. This would be taken from the firm’s client money calculations performed during the period.

Only the single highest client money requirement figure should be entered, not the aggregate of the client money requirements calculated during the period.

This refers to money held as CASS 5 client money under a statutory trust or non-statutory trust(s). The amount should be taken from the firm’s own records and should include client money held as agent of insurer which is co-mingled with other client money in a client money account (see CASS 5.1.5AR).

If your firm segregates designated investments under a non-statutory trust (see CASS 5.5.14R), you should also include the value of these investments.

If your firm 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.

This refers to money held purely as agent of insurer (and not co-mingled with client money).

If money held as agent of insurer is co-mingled with CASS 5 client money in a client bank account (see CASS 5.1.5AR), it should be reported in the previous field and therefore should not be reported in this field.

The data reported in questions 20 to 23 should be taken from the firm’s own records.

If your firm does not hold client money or other client assets in relation to insurance intermediaries.
<table>
<thead>
<tr>
<th>Question</th>
<th>Guidance notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>If not exempt, have you obtained a client assets audit in the last 12 months?</td>
<td><strong>Firms</strong> to which note 4 applies should answer this question. See SUP 3.1 to SUP 3.7 and SUP 3.11. If the firm has obtained a client assets audit in the last 12 months enter ‘yes’. If it has not, enter ‘no’.</td>
</tr>
<tr>
<td>What is the name of your firm’s client assets auditor?</td>
<td><strong>Firms</strong> to which note 4 applies should answer this question. Enter the name of the firm’s auditor as it appears on the Financial Reporting Council’s register of statutory auditors.</td>
</tr>
<tr>
<td>According to your last client assets audit report, what was the auditor's opinion on your firm’s compliance with the client money rules as at the period end date?</td>
<td>This refers to the opinion at the end of the audit period. The firm should select from ‘clean’, ‘qualified’ or ‘adverse’, as appropriate. 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. <strong>Firms</strong> to which note 4 applies should answer this question.</td>
</tr>
<tr>
<td>Have any notifiable client money issues been raised, either in the firm’s last client assets audit report or elsewhere, that have not been notified to the FCA since the last reporting period for this return?</td>
<td>Answer yes if the firm has not, since the last reporting period for this return, notified the FCA of any breaches in relation to the following notification requirements: CASS 5.5.61R: failure of a bank, broker or settlement agent. CASS 5.5.76R: failure to perform calculations or reconciliation. CASS 5.5.77R: failure to make good a shortfall by the close of business on the day the calculation is performed. If the firm is subject to the requirements of CASS 5.8, state ‘yes’ here.</td>
</tr>
<tr>
<td>Does your firm hold any client documents or other assets (other than client money) in accordance with CASS 5.8?</td>
<td></td>
</tr>
</tbody>
</table>

**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 IFPRU or GENPRU and BIPRU, 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

<table>
<thead>
<tr>
<th>Is the firm exempt from these capital resources requirements in relation to any of its retail or distribution mediation activities?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm should indicate here if any Handbook exemptions apply in relation to the capital resources requirements in MIPRU or IPRU-INV 13. Examples of firms that may be subject to exemptions include:</td>
</tr>
<tr>
<td>• Lloyd’s managing agents (MIPRU 4.11R);</td>
</tr>
<tr>
<td>• solo consolidated subsidiaries of banks or building societies;</td>
</tr>
<tr>
<td>• small credit unions (as defined in MIPRU 4.18R); and</td>
</tr>
<tr>
<td>• investment firms not subject to IPRU-INV 13 (unless they additionally carry on home finance mediation activity or insurance distribution activity relating to non-investment insurance contracts).</td>
</tr>
</tbody>
</table>

Home finance mediation and non-investment insurance distribution

Base requirement

<table>
<thead>
<tr>
<th>5% of annual income (firms holding client money)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The minimum capital requirements for firms carrying on home finance mediation activity and for insurance distribution activity relating to non-investment insurance contracts are set out in MIPRU 4.2.11R.</td>
</tr>
</tbody>
</table>

5% of annual income (firms holding client money)

<table>
<thead>
<tr>
<th>2.5% of annual income (firms not holding client money)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For firms that do not hold client money or other client assets in relation to insurance distribution activity or home finance mediation activity, this should be calculated as 2.5% of the annual income (see MIPRU 4.2.11R(1)) from the firm’s insurance distribution activity, home finance mediation activity, or both.</td>
</tr>
</tbody>
</table>
### Capital requirements (higher of above)

The higher of the base requirement and 5% of annual income (firms that hold client money or other client assets), or the higher of the base requirement and 2.5% of annual income (firms that do not hold client money or other client assets).

### Other FCA capital resources requirements (if applicable)

The FCA may from time to time impose additional requirements on individual firms. If this is the case for your firm, you should enter the relevant amount here. This excludes capital resources requirements in relation to PII, which are recorded below.

If the firm carries on designated investment business as well as home finance mediation activity, insurance distribution activity or both, requirements under IPRU(INV), IFPRU, GENPRU or BIPRU 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.

### Additional capital resources requirements for PII (if applicable)

If the firm has any increased excesses or exclusions 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

This should be the capital resources calculated in accordance with MIPRU 4 for incorporated or unincorporated firms as applicable.

For firms that are additionally subject to IPRU(INV), IFPRU, GENPRU or CREDS, this should be the higher of the capital resources per MIPRU 4 and the financial resources determined by IPRU(INV), IFPRU, GENPRU or CREDS. See MIPRU 4.4.1R.

### Capital resources excess/deficit

This should show the difference between the capital resources that the firm has and its capital resources requirement.

### Personal investment firm (retail investment activities only) – IPRU(INV) 13

Note: Firms that carry on retail investment activities, but no other designated investment business, are subject to this section.

**Category of personal investment firm**

If the firm is subject to IPRU-INV 13, it should enter here its category as defined in the Glossary, i.e., category B1 firm 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 firm 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 firms. If this is the case for your firm, you should enter the relevant amount here. This excludes capital resources.
requirements in relation to PII, which are recorded above.

A firm 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).

### Capital resources per MIPRU 4 (home finance mediation activity and non-investment insurance distribution activity)

#### Incorporated firms

**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 firm (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 parent undertaking.

Any reserves that have not been audited should not be included in this field unless the firm is eligible to do so under MIPRU 4.4.2R(3).

**Interim net profits**

Interim net profits should be verified by the firm’s 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 firm 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 firm’s 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.

### Unincorporated firms and limited liability partnerships

**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

MIPRU 4.4.5R and 4.4.6G allow a sole trader or partner to use personal assets to cover liabilities incurred in the firm’s business unless:

1. those assets are needed to meet other liabilities arising from:
   a. personal activities; or
   b. another business activity not regulated by the FCA; or
2. the firm holds client money or other client assets.

This field may be left blank if the firm satisfies the capital resources requirements without relying on personal assets.

Less intangible assets

Any amounts recorded as intangible assets in Section A above should be entered here for deduction.

Less interim net losses

Interim net losses should be reported where they have not already been incorporated. The figures do not have to be audited to be included.

Less excess of drawings over profits for a sole trader or partnership or LLP

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.

**Capital resources per IPRU(INV) 13.15.3R**

IPRU(INV) requires that all personal investment firms have financial resources of at least £20,000 at all times. This section is designed to evaluate firms’ adherence to this requirement.

The amounts entered here should be in accordance with IPRU-INV 13.15.3R.

**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 firm is ex-
equivalent cover in lieu of PII, or is it otherwise exempt from holding PII in respect of any regulated activities (tick as appropriate)?

empt from the requirements and so is not required to hold PII.

The conditions for comparable guarantees and exemptions from the PII requirements for firms carrying on insurance distribution or home finance mediation are set out in MIPRU 3.1.1R paragraphs (3) to (6).

Personal investment firms can only be exempted by individual waiver granted by the FCA (unless IPRU-INV 13.1.7R applies in respect of comparable guarantees).

If the firm is required to hold PII – i.e. is not exempt from holding PII – you should enter ‘no’ in the data field.

A firm is NOT exempt from holding PII if:

- the firm has a group policy with an insurer; or
- the firm has permission for the regulated business that requires PII, but does not currently carry it out; or
- it is a personal investment firm meeting the exemption requirements for mortgage intermediaries and insurance intermediaries in MIPRU 3.

Retail investment firms that do not meet the definition of personal investment firm are not required to complete this section of the RMAR.

Firms are required to take out and maintain PII at all times.

You should only enter ‘n/a’ if the firm is exempt from the PII requirements for all the regulated activities forming part of the RMAR.

This question will ensure that a firm does not fill Part 2 of the PII section of the RMAR each time it reports, if the information only changes annually.

If the firm is reporting for the first time, you should enter ‘yes’ here and complete the data fields.

You should only enter ‘n/a’ if the firm is exempt from the PII requirements for all the regulated activities forming part of the RMAR.

---

What activities are covered by the policy(ies)?

You should indicate which regulated activities are covered by the firm’s PII policy or policies.

Required terms of PII are set out for personal investment firms in IPRU-INV 13.1.5R and for home finance intermediaries and insurance intermediaries in MIPRU 3.2.4R.

Examples of a retroactive start date:

(1) A firm has a retroactive start date of 01/01/2005 on its policy if:

- A client is advised by the firm to purchase an XYZ policy on 01/03/2004 (i.e. before the retroactive start date).
### Annex 18B Reporting requirements

**16**

- The client makes a formal complaint about the sale of XYZ policy to the **firm** on 01/04/2006 (i.e. while this PII cover is still in place).

- The complaint is upheld, but the **firm's 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.

Insert ‘01/01/05’ for this question on the **RMAR**.

(2) A **firm** does not have a retroactive start date if:

- A client is advised by the **firm** to purchase an XYZ policy on 01/03/2006.

- The client makes a formal complaint about the sale of XYZ policy to the **firm** on 01/04/2006 (i.e. while this PII cover is still in place).

- The complaint is upheld, but the **firm's current PII Insurer** will pay out any redress owed by the **firm** 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.

Insert ‘n/a’ for this question on the **RMAR**.

<table>
<thead>
<tr>
<th>Annual premium</th>
<th>This should be the annual premium that is paid by the <strong>firm</strong>, net of tax and any other add-ons.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limit of indemnity</td>
<td>You should record here the indemnity limits on the <strong>firm's PII policy or policies</strong>, both in relation to single claims and in aggregate.</td>
</tr>
<tr>
<td>Those firms subject to the <strong>Mortgage Credit Directive (MCD)</strong> (see MIPRU 3.2.9AR) or the <strong>Insurance Distribution Directive (IDD)</strong> requirements should state their limit in Euros; those that are not subject to the <strong>MCD</strong> or <strong>IDD</strong> should select ‘Sterling’ from the drop-down list.</td>
<td></td>
</tr>
<tr>
<td><strong>Insurance intermediaries</strong>, see MIPRU 3.2.7R and select either ‘Euros’ or ‘Sterling’ as applicable. <strong>Home finance intermediaries</strong> that are not <strong>MCD credit intermediaries</strong> should state their limit in Sterling (see MIPRU 3.2.9R).</td>
<td></td>
</tr>
<tr>
<td>For <strong>personal investment firms</strong>, see IPRU-INV 13.1.9R and 13.1.13R and select either ‘Euros’ or ‘Sterling’ as applicable.</td>
<td></td>
</tr>
<tr>
<td>If the <strong>firm</strong> is subject to more than one of the above limits (because of the scope of its <strong>regulated activities</strong>) and has one PII policy for all of its <strong>regulated activities</strong>, 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.</td>
<td></td>
</tr>
<tr>
<td><strong>Policy excess</strong></td>
<td>For <strong>insurance intermediaries and home finance intermediaries</strong>, see MIPRU 3.2.10-14R</td>
</tr>
<tr>
<td>For <strong>personal investment firms</strong>, see IPRU-INV 13.1.25R.</td>
<td></td>
</tr>
<tr>
<td>Increased excess(es) for specific business types (only in relation to business you have under-</td>
<td>If the prescribed excess limit is exceeded for a type or types of business, the type(s) of business</td>
</tr>
<tr>
<td>taken in the past or will undertake during the period covered by the policy</td>
<td>to which the increased excess applies and the amount(s) of the increased excess should be stated here.</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Policy exclusion(s) (only in relation to exclusions you have had in the or will have during the period covered by the policy)</td>
<td>If there are any exclusions in the firm’s PII policy which relate to any types of businesses or activities that the firm 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.</td>
</tr>
<tr>
<td>Start Date</td>
<td>The date the current cover began.</td>
</tr>
<tr>
<td>End Date</td>
<td>The date the current cover expires.</td>
</tr>
<tr>
<td>Insurer name (please select from the drop-down list)</td>
<td>The firm should select the name of the insurance undertaking or Lloyd’s syndicate providing cover. If the PII provider is not listed you should select ‘other’ and enter the name of the insurance undertaking or Lloyd’s syndicate providing cover in the free-text box.</td>
</tr>
<tr>
<td>Annual income as stated on the most recent proposal form</td>
<td>This should be the income as stated on the firm’s most recent PII proposal form. For a personal investment firm, this is relevant income arising from all of the firm’s activities for the last accounting year before the policy began or was renewed (IPRU-INV 13.1.8R). For insurance intermediaries and home finance intermediaries this is the annual income given in the firm’s most recent annual financial statement from the relevant regulated activity or activities (MIPRU 4.3.1R to MIPRU 4.3.3R).</td>
</tr>
<tr>
<td>Amount of additional capital required for increased excess(es) (where applicable, total amount for all PII policies)</td>
<td>This should be calculated using the tables in IPRU-INV 13.1.19R or MIPRU 3.2.14R as applicable. The total amount of additional capital should have been reported under ‘additional capital requirements for PII’ and/or ‘additional own funds for PII’ in section D.</td>
</tr>
<tr>
<td>Amount of additional own funds required for policy exclusion(s)</td>
<td>Personal investment firms only – this should be calculated in line with IPRU-INV 13.1.23R. The total of additional capital resources should have been reported under ‘additional capital requirements for PII’ and/or ‘additional capital resources for PII’ in section D.</td>
</tr>
<tr>
<td>Total of additional own funds required</td>
<td>Personal investment firms only – this is the same figure as in section D, representing the total of additional capital resources required under IPRU-</td>
</tr>
</tbody>
</table>
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?

If yes, has the FCA been notified of it?

Controllers

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?

If yes, has the FCA been notified of it?

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

General information

17 Did the firm do any of the following activities during the reporting period? Indicate whether the firm undertook any of the stated activities by selecting “Y” or “N” for each of the columns.
### SUP 16 : Reporting

#### Annex 18B

**Reporting requirements**

<table>
<thead>
<tr>
<th>No.</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total number of employees at the firm as at the end of the reporting period</td>
<td>This should be the total number of employees that worked for the firm as at the end of the reporting period. Therefore, employees that may have worked for the firm during the period but were not employed as at the end date should <strong>not</strong> be included.</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Number of employees that give advice in each area</td>
<td>‘Advice’ is given where the sale of a product is based on a recommendation given to the customer on the merits of a particular product. If employees advise in relation to more than one business type advising on mortgages, advising on non-investment insurance, advising on retail investment products 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 <strong>not</strong> advise retail customers. Each area should be considered to refer to the four business types in the form.</td>
</tr>
<tr>
<td>26</td>
<td>Number of individual advisers employed by the firm</td>
<td>The total should be the actual number of individual advisers employed by the firm, regardless of whether they advise in one or more areas.</td>
</tr>
<tr>
<td>3</td>
<td>Number of employees that give advice (FTE)</td>
<td>This should be the same data as above, but expressed in ‘full time equivalent’ terms. E.g. if the firm has 20 part time employees that work 50% of normal hours, the figure would be 10.</td>
</tr>
<tr>
<td>4</td>
<td>Number of employees that supervise others to give advice in each area</td>
<td>Note the requirements in the Training &amp; Competence Sourcebook (TC 2.1.2R, TC 2.1.3G, TC 2.1.4G and TC 2.1.5R) for employees to be appropriately supervised, and also the competencies that are required for those who supervise others. If any of these employees 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.</td>
</tr>
<tr>
<td>27</td>
<td>Number of individual employees with supervisory responsibilities</td>
<td>The total should be the actual number of individual supervisors at the firm, regardless of whether they supervise in one or more areas.</td>
</tr>
<tr>
<td>5</td>
<td>Number of advisers assessed as competent by the firm in each area</td>
<td>This is a subset of the ‘number of employees that give advice in each area’ above. See TC Appendix 1.1R for the detailed training &amp; competence requirements relating to individual activities. If employees 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.</td>
</tr>
<tr>
<td>30</td>
<td>Number of advisers assessed as competent in one or more areas</td>
<td>The total should be the actual number of individuals assessed by the firm as competent in one or more of the four business types specified in columns A-C and E.</td>
</tr>
</tbody>
</table>
### Reporting requirements

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Number of fully qualified advisers</td>
<td>The total number of advisers holding appropriate qualifications to carry on activities 2, 3, 4, 6, 12 and 13 in TC Appendix 1.1.1R (other than in relation to a Holloway sickness policy where the Holloway policy special application conditions are met).</td>
</tr>
<tr>
<td>19</td>
<td>Number of advisers holding a valid Statement of Professional Standing (SPS)</td>
<td>The total number of retail investment advisers holding a valid SPS from an accredited body.</td>
</tr>
<tr>
<td>6</td>
<td>Number of advisers that hold an appropriate qualification in each area</td>
<td>This is a subset of the ‘number of employees that give advice in each area’ above.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In the case of certain activities, TC 2 imposes requirements on firms in relation to their employees and passing examinations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The relevant activities to which TC applies and require employees to obtain appropriate qualifications can be found in TC Appendix 1. Then appropriate qualifications for these activities can be found in TC Appendix 4E.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>If advisers have appropriate qualifications in relation to more than one business type, they should be counted in each applicable field.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Each area should be considered to refer to the four business types in the form.</td>
</tr>
<tr>
<td>29</td>
<td>Number of individual advisers holding at least one appropriate qualification</td>
<td>The total should be the actual number of individuals holding at least one appropriate qualification for advising on mortgages, acting as a retail investment adviser, or advising on second (and subsequent) charge mortgages.</td>
</tr>
<tr>
<td>25</td>
<td>Number of employees that left the firm during the reporting period</td>
<td>The total should be the actual number of employees whose last day of employment fell within the reporting period.</td>
</tr>
<tr>
<td>7</td>
<td>Number of advisers that left the firm during the reporting period</td>
<td>This is the total number of advisory employees whose last day of employment fell within the reporting period.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>28</td>
<td>Number of individual advisers that left the firm during the reporting period</td>
<td>The total should be the actual number of individual advisers whose last day of employment fell within the reporting period.</td>
</tr>
</tbody>
</table>

**Non-investment insurance (retail customers)**

<table>
<thead>
<tr>
<th>Number</th>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Which types of non-investment insurance advice were provided by the firm in the reporting period?</td>
<td>For each type of advice, the firm should indicate whether or not advice has been provided on that basis / business type.</td>
</tr>
</tbody>
</table>

**Fair Analysis of the Market**

If an insurance intermediary informs a customer that it gives (including a personal recommendation) advice on the basis of a fair analysis of the market, it must give that advice (including a personal recommendation) on the basis of an analysis of a sufficiently large number of contracts of insurance available on the market to enable it to make a recommendation, in accordance with professional criteria, regarding which contract of insurance would be adequate to meet the customer’s needs. (See ICOBS 5.3.3R, ICOBS 4.1.6R, ICOBS 4.1.7R and ICOBS 4.1.8G).
**SUP 16 : Reporting requirements**

**Annex 18B**

**Requirements**

16

Restricted – Multi-tie

A firm provides advice on products selected from a limited number of provider firms.

Restricted – Single-tie

A firm 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 firm in the reporting period?

What types of second (and subsequent) charge mortgage advice were provided by the firm in the reporting period?

For each type of advice, the firm should indicate whether or not advice has been provided on that basis / business type.

Firms should refer to MCOB 4.4A when answering these questions.

Retail Investment Advice

23

Which types of retail investment advice were provided by the firm in the reporting period?

**Independent**

For a retail investment firm to provide independent advice 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 client’s investment 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)
### Clawed back commission by number:
Number of policies where cancellations have led to commissions being clawed back during the reporting period.

### Clawed back commission by value:
Total value of clawed back commission during the period.

### Professional Standards Data

<table>
<thead>
<tr>
<th>Adviser ID</th>
<th>Surname</th>
<th>Forename</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Reference Number (IRN)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Please enter the adviser’s IRN if they have one. If the adviser has an IRN, no further ID details are required and the firm should move on to complete the ‘adviser qualification’ questions.

| NI Number, Date of Birth, Passport Number, Nationality |
If an adviser does not have an IRN, the firm 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. 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
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; and

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.

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?

‘Core business’ for these purposes is the activity from which the largest percentage of the firm’s gross income is derived.

Note for an authorised professional firm (‘APF’) specifying that its core business is ‘professional services’: if the firm’s income from regulated activities 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 IPRU-INV 2.1.2R (4) and give notification to the FCA.

If not, specify type of core business

The firm should specify its core business from the drop-down list.

You should select Other if none of the categories is applicable to the firm’s 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 firm 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:

- the activities for which it is exempt are limited to insurance distribution activities only; and
- its principal purpose is to carry on activities other than insurance distribution activities.

See Glossary definition

Of which, number of introducer ARs as at the end of the reporting period

This should be the total of advisory staff across all of the firm’s appointed representatives. Advisory staff are those that advise customers on the merits of purchasing a particular product.

By definition this total will not include staff at introducer ARs.

Number of advisers within ARs as at the end of the reporting period

A summary of the firm’s responsibilities under SUP 12 is set out under the sub-heading “monitoring of appointed representatives” above.

The firm should be able to demonstrate that it has been in compliance with the requirements in SUP 12 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 firms with ARs may fulfil their responsibilities under SUP 12.

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 firms with ARs may fulfil their responsibilities under SUP 12.

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 firms with ARs may fulfil their responsibilities under SUP 12.

Has any other monitoring of ARs by the firm taken place?

If the firm uses other methods to fulfill its monitoring responsibilities under SUP 12, 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.

(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

(i) non-investment insurance contracts – product information

Please indicate in column A each product type where the firm has advised or arranged transactions for retail customers during the reporting period.

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 A for each relevant product.

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.

(ii) non-investment insurance chains

Total non-investment insurance premium derived from retail customers

Of this business, please indicate in column D where this business is significant (see notes above).

Product types:

You should state here the total of premiums payable by Retail customers during the reporting period in relation to non-investment insurance products.

If this business is significant (see definition above) for one or more product types, this should be indicated in column D.

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:

<table>
<thead>
<tr>
<th>Enhanced reporting investment</th>
<th>Annual income (per single unit of currency)</th>
<th>No. of clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-mainstream pooled investment</td>
<td>£5000</td>
<td>26</td>
</tr>
<tr>
<td>Non-readily realisable securities</td>
<td>£400</td>
<td>2</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Home finance intermediation</th>
<th>FCA Annual Income (£s)</th>
<th>FOS Relevant Annual Income (£s)</th>
<th>FSCS Annual Eligible Income (£s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEES 4 Annex 11AR, 13G</td>
<td>FEES 5 Annex 1R industry block 16</td>
<td>FEES 6 Annex 3AR category 4.1</td>
<td></td>
</tr>
<tr>
<td>General insurance distribution</td>
<td>FEES 4 Annex 11AR, 13G</td>
<td>FEES 5 Annex 1R industry block 17</td>
<td>FEES 6 Annex 3AR category 1.1</td>
</tr>
<tr>
<td>Life distribution and investment intermediation</td>
<td>FEES 4 Annex 11AR, 13G</td>
<td>FEES 5 Annex 1R industry block 8, 9</td>
<td>FEES 6 Annex 3AR category 2.1</td>
</tr>
</tbody>
</table>

**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,
SUP 16 : Reporting requirements

Annex 18B

Revenue from ongoing adviser charges (rows 3 and 8)

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.

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

1 Indicate the type(s) of advice provided by the firm A Independent

Section 1 – Independent advice

Retail investment products revenue from adviser charges (monetary amount)

2 Revenue from all initial adviser charges including initial, one-off and ad hoc adviser charges £600

3 Revenue from ongoing adviser charges

Payments of initial adviser charges (number)

4 Aggregate number of initial adviser charges payable as lump-sum payments due from retail 0.60
clients within the reporting period

5 Aggregate sum of the proportion of initial adviser charges, payable through regular instalments, due from retail clients 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.

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### 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:

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.
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:

Retail clients paying for ongoing advice services (rows 12 – 14)

<table>
<thead>
<tr>
<th>Number of retail clients paying for ongoing advice services at the end of the reporting period (row 12)</th>
<th>Firms should report the number of retail clients paying for ongoing advice services (i.e. paying ongoing adviser charges) at the end of the reporting period.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This would include any retail clients who have an ongoing adviser charging agreement, even if the adviser charges due are, fully or partially, offset with trail commission received from a retail investment product provider in respective of an investment held by that retail client before 31 December 2012. Any retail clients on a contract entered into before 31 December 2012, whereby the retail client 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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of retail clients who start paying for ongoing advice services during the reporting period (row 13)</th>
<th>Firms should report the number of retail clients that started paying for an ongoing advice service (i.e. paying ongoing adviser charges) within the reporting period. This could include:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• new retail clients to the firm that agreed to start paying for an ongoing advice service;</td>
</tr>
<tr>
<td></td>
<td>• existing retail clients of the firm that may, for example, have previously received an initial advice service but had started paying for ongoing advice in the reporting period;</td>
</tr>
<tr>
<td></td>
<td>existing retail clients of the firm that were previously on a commission-based agreement established before 31 December 2012, but moved to an adviser charging agreement and started paying ongoing adviser charges in the reporting period.</td>
</tr>
</tbody>
</table>

| Number of retail clients who stop paying for ongoing advice services during the reporting period (row 14) | Firms should report the number of retail clients that were paying an adviser charge for ongoing advice during the reporting period, but stopped paying for ongoing advice by the end of the reporting period. |

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.
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*
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
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:

<table>
<thead>
<tr>
<th>Section</th>
<th>Applicability:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 and A2: Balance sheet</td>
<td>Applies to all home finance activity firms except:</td>
</tr>
<tr>
<td></td>
<td>• A firm that is required to submit a balance sheet by a lower numbered regulated activity group, as described in SUP 16.12.3R(1)(a)(iii)</td>
</tr>
<tr>
<td></td>
<td>• An incoming EEA firm (note a)</td>
</tr>
<tr>
<td>A3: Analysis of loans to customers</td>
<td>Applies to all home finance activity firms</td>
</tr>
<tr>
<td>A4: Analysis of second charge loans to customers</td>
<td>Applies to all home finance activity firms in respect of second charge regulated mortgage contracts.</td>
</tr>
<tr>
<td>B1: Income statement</td>
<td>Applies to all home finance activity firms except:</td>
</tr>
<tr>
<td></td>
<td>• A firm that is required to submit an income statement by a lower numbered regulated activity group, as described in SUP 16.12.3R(1)(a)(iii)</td>
</tr>
<tr>
<td></td>
<td>• An incoming EEA firm (note a)</td>
</tr>
<tr>
<td>B2: Provisions analysis</td>
<td>Applies to all home finance activity firms</td>
</tr>
<tr>
<td>C: Capital</td>
<td>Applies to all home finance activity firms except:</td>
</tr>
<tr>
<td></td>
<td>• A firm that is required to submit a capital adequacy data item by a lower numbered regulated activity group, as described in SUP 16.12.3R(1)(a)(iii)</td>
</tr>
<tr>
<td></td>
<td>• An incoming EEA firm (note a)</td>
</tr>
<tr>
<td></td>
<td>• A firm which is a solo-consolidated subsidiary of an authorised credit institution</td>
</tr>
<tr>
<td></td>
<td>• A firm which exclusively carries on home finance activities in relation to second charge regulated mortgage contracts, as set out in SUP 16.12.18BR (note 4).</td>
</tr>
<tr>
<td>D: Lending: business flows and rates</td>
<td>Applies to all firms with permission to undertake a home finance providing activity except:</td>
</tr>
<tr>
<td></td>
<td>• SRB agreement providers</td>
</tr>
<tr>
<td></td>
<td>• SRB administrators</td>
</tr>
<tr>
<td>D(a): Second charge business flows and rates</td>
<td>Applies to all home finance providing activity firms in respect of second charge regulated mortgage contracts.</td>
</tr>
</tbody>
</table>
### Section Applicability:

<table>
<thead>
<tr>
<th>Section</th>
<th>Applicability:</th>
</tr>
</thead>
<tbody>
<tr>
<td>E: Residential lending to individuals: new business profile</td>
<td>Applies to all firms with permission to undertake a home finance providing activity except: SRB agreement providers SRB administrators</td>
</tr>
<tr>
<td>E1(a) and E2(a): Second charge lending to individuals</td>
<td>Applies to all home finance providing activity firms in respect of second charge regulated mortgage contracts.</td>
</tr>
<tr>
<td>F: Lending: Arrears Analysis</td>
<td>Applies to all firms with permission to undertake a home finance providing activity except: • SRB agreement providers • SRB administrators</td>
</tr>
<tr>
<td>F(a): Second charge lending: Arrears analysis</td>
<td>Applies to all home finance providing activity firms in respect of second charge regulated mortgage contracts.</td>
</tr>
<tr>
<td>G: Mortgage Administration: Business Profile</td>
<td>Applies to all firms with permission to undertake administering a home finance transaction, except: • SRB administrators</td>
</tr>
<tr>
<td>H: Mortgage Administration: Arrears analysis</td>
<td>Applies to all firms with permission to undertake administering a home finance transaction, except: • SRB administrators</td>
</tr>
<tr>
<td>H(a): Second charge mortgage administration: Arrears analysis</td>
<td>Applies to all firms with permission to undertake administering a home finance transaction, in respect of second charge regulated mortgage contracts.</td>
</tr>
<tr>
<td>J: Fee tariff measures</td>
<td>Applies to all home finance activity firms</td>
</tr>
<tr>
<td>K: Sale and rent back business</td>
<td>Applies to SRB agreement providers and SRB administrators</td>
</tr>
<tr>
<td>L: Credit risk</td>
<td>Applies to a firm that meets the conditions of SUP 16.12.18BR (notes 2 and 4).</td>
</tr>
<tr>
<td>M: Liquidity</td>
<td>Applies to a firm that meets the conditions of SUP 16.12.18BR (notes 3 and 4).</td>
</tr>
</tbody>
</table>

Note (a): Credit Institutions passporting under BCD for mortgage lending (which also includes mortgage administration), or other firms passporting under another EU Directive for a non-mortgage activity and holding a top-up permission from the appropriate regulator for mortgage lending and/or mortgage administration. Also includes firms 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 FCA’s financial monitoring and prudential supervision of home finance providers and administrators; |
| Tables D to F: | provide the framework for the provision of qualitative home finance information by home finance providers; |
| Tables G, H: | provide the framework for the FCA’s monitoring of administering a home finance transaction activity; |
| Table J: | provides information on fee tariff measures for home finance providers and administrators; |
| Table K: | provides the framework for the FCA’s monitoring of SRB agreement providers and SRB administrators. |

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 or 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

<p>| | | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>A1,</td>
<td>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 customer balance after any write-offs have been taken.</td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td>Loans to customers may be a non-standard accounting sub-head for some firms whose business is not primarily mortgage related. But since this is an explicit MLAR data requirement, it should be split out from the sub-head under which it is routinely shown in the firm’s other accounts. Include HR and HPP products here.</td>
<td></td>
</tr>
<tr>
<td>A1.6</td>
<td>Other current assets should include all assets measured at fair value not included in any other asset category on the return. Include any SRB assets here.</td>
<td></td>
</tr>
<tr>
<td>A2.1</td>
<td>Shareholders’ funds should include any unrealised gains or losses resulting from the fair valuation of available-for-sale financial assets,</td>
<td></td>
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</tbody>
</table>
and any fair value gains or losses arising on cash flow hedges of financial instruments measured at cost or amortised cost.

**A2.7**

**Other liabilities** 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.

**A3**

**Analysis of loans to customers**

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.

**Unsecuritised balances** 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.

**Securitised balances** 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.

**A3.1-4**

See Introduction (paragraphs 4(i) to (iv)) for details of the coverage of these terms.

**A3.5**

**Other loans** refers to any lending secured on land and buildings outside of the UK, 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 EEA other than the UK should be reported here.

**A3.6**

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.

**SECTION B: PROFIT & LOSS ACCOUNT**

**B0**

**Financial year to date**

In terms of reporting period, the analysis should be compiled on a ‘year to date’ basis, covering successively 3, 6, 9 or 12 months from the firm’s accounting reference date.

**B1**

**Profit & Loss Account**

The P&L section is intended to reflect the practices used in compiling accounts prepared under the Companies Acts, although its format in the MLAR (with explicit focus on financial items such as interest, fees & commissions etc) will not necessarily be the same as that used by firms in their regular accounts.

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&L format onto a similar basis as that used for banks and building societies.
The analysis therefore requires the firm’s profit & 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 firms.

**B1.1**
- Focuses on gross profit from non-financial activities

**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**
- Provisions analysis

This supplementary analysis draws together the key movements in provisions balances from the firm’s accounting reference date up to the reporting quarter end.

The two ‘flow items’, namely write-offs and provisions charges, are those relating to the period from the firm’s accounting reference date up to the reporting date.

The total of provisions charges in line B2.6 (column 3) will not necessarily be the same as the provisions charge in the Profit & 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).

**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
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 under
taking 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/collection 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 Subordinated loan and redeemable preference share restriction

This is the amount of any excess as computed under the restriction explained in paragraph (7) of the C1-2 CAPITAL RESOURCES section above.

C2.4 Other deductions from capital: include
  • Excess of drawings over profits for partnerships or sole traders: firms should report the difference between the personal drawings of a partnership or sole trader and the profit in the period, where the drawings exceed the profit for the period.

C2.5 Total deductions

This is the sum of the components listed in C2.1 to C2.4.
C3  CAPITAL RESOURCES CALCULATION

C3.1 Capital resources
This is total eligible capital less total deductions (C1.6 to C2.5).

C3.2 Capital requirement
This is the amount calculated in sections C4.6(e) or C5.5(c), whichever is applicable.

C3.3 Surplus/(Deficit) of resources
This is the capital resources less the capital requirement (C3.1 to C3.2).

C4  CAPITAL REQUIREMENTS

C4.1 Capital requirement for a lender, or an administrator with administered assets on its balance sheet
The capital requirement for lenders or administrators that have the regulated mortgage contracts that they administer on their balance sheet is asset-based, and the information required is detailed in C4.2 to C4.6.

C4.2 Total assets: this is the total value of assets as shown at line A1.12 in section A of the MLAR.

C4.2a Assets subject to the credit risk requirement
This is the amount of assets subject to the credit risk requirement computation as shown at line 6A in section L of the MLAR.

C4.3 Undrawn commitments
Undrawn commitments means the total of those amounts which a borrower has the right to draw down from the firm but which have not yet been drawn down (see MI-PRU 4.2.12R and MI-PRU 4.2.13G).

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.

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.

C4.4 Intangible assets: this is the amount shown at C2.2.

C4.5 Total adjusted assets: this is the sum of C4.2 and C4.3, less C4.2a and C4.4.

C4.6 CAPITAL REQUIREMENT
This section sets out how to calculate the capital requirement for a lender, or an administrator with administered assets on its balance sheet (see MI-PRU 4.2.12R, MI-PRU 4.2.18R and MI-PRU 4.2.23R):

(a) is the minimum requirement of £100,000;

(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;
(c) is the credit risk requirement as shown at line 9E in section L of the MLAR;
(d) is the total of (b) and (c); and
(e) is the capital requirement which is the higher of the fixed amount at (a) and the sum shown at (d).

C5 Capital requirements for an administrator not having administered assets on its balance sheet

C5.1 This section sets out the income-based capital requirements applicable to administrators that do not have the assets that they administer on their balance sheet. The information requirements are detailed in C5.2 – 5.5.

Firms should report the following amounts from both their most recent annual financial statement and their estimated accounts for the current reporting year.

C5.2 Total income

Firms 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.

Total income should include both revenue and gains arising in the course of the ordinary activities of a firm. 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 MIPRU 4.3.7R).

C5.3 Relevant adjustments

The following exceptional items must be deducted from the firm’s total income:

(1) profit on the sale or termination of an operation;
(2) profit arising from a fundamental reorganisation or restructuring having a material effect on the nature and focus of the firm’s operations; and
(3) profits on the disposal of fixed assets, including investments held in long-term portfolio.

C5.4 Total relevant income

Is the sum of C5.2 minus C5.3.

C5.5 CAPITAL REQUIREMENT

This sets out how to calculate the capital requirement for an administrators administrator not having administered assets on its balance sheet (see MIPRU 4.2.19R):

(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- For details of the terms ‘Residential lending to individuals’ (and regulated/unregulated), and D4 ‘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:

\[
gross \text{ loan asset} = X \\
less \text{ non-recourse funding} = Y \\
\text{net loan asset} = X - Y
\]

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; those linked to Libor (or other market rate); those linked to an index (e.g. FTSE) etc. 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 Loans: Commitments (columns)

Commitments made since end of previous quarter should include:

(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;

but should exclude:
(b) commitments from previous quarters that have been cancelled in the current quarter;
(c) retentions imposed and subsequently not released;
(d) instalment commitments that have not been taken up;
(e) advance cancellations that are not re-issued;
(f) sundry debits, e.g. insurance debits, fines, insurance guarantees, valuation fees, arrange-
ment fees etc (unless formally treated as part of the loan, that is where such amounts
are repaid over the period of the loan).

Cancellations in quarter
Includes (b), (c), (d) and (e) above.

Advances made in quarter
This refers to the same amount as covered under ‘advances in quarter’ in section D1 above.

Other debits/(credits) and transfers (net)
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.

SECTION E: RESIDENTIAL LOANS TO INDIVIDUALS - New business profile

E1-6 Gross advances in quarter
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 ad-
vance for the ‘number’ column in sections E3, E4, E5 and E6.

NB: 'gross advances' should be compiled on the same basis as in section D1 above and there-
fore relevant totals for each section in E1 to E6 should also agree with the amount of gross
advances reported in D1.

E3-6 Balances outstanding
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.

E1/2 By Income Multiple and LTV (Loan to Valuation ratio)
The amount to be included in the table is the gross advance, 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).

For second charge regulated mortgage contracts, the calculation of income multiples and
LTVs are to also include the outstanding balance of the first charge regulated mortgage con-
tract and any higher priority second charge regulated mortgage contracts.

E1/2 By Income Multiple and LTV
Income multiple based on single or joint incomes
For this analysis, 'income' should be taken as gross annual income before tax or any other
deductions.

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 insurance 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 Payment type

This section analyses loans in terms of how the borrower is contractually expected to service the loan, and is split into four categories:

- repayment;
- interest only;
- combined; and
- other.
### E4.1 Repayment (capital and interest)
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 Interest only
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 Combined
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 Other
This category will contain loans where no regular periodic payment obligation is in place, for example secured overdraft facilities or secured credit cards, and lifetime mortgages.

### E5 By drawing facility
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, but not 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, online 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 Extra drawing facility
These are loans which in general are structured as follows:

**Example structure when flexible loan contract agreed**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<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>
</tbody>
</table>

#### E5.1 (a) Loans including unused facility
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) **gross advances in quarter** 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.

E6.3 **Further advance**
A further loan (either as a normal 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.

The underlying purpose of the further advance 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; or as a ‘drawdown’ on a flexible mortgage.

However, further advances 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 MCD exempt lifetime mortgage; or

(2) (other than in (1)), a regulated mortgage contract or an article 3(1)(b) credit agreement 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 be-
come due, no full repayment of the capital is due or capable of becoming due.

(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 on-balance 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.

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;
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;

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 removed 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 not complete this section of the MLAR.

‘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 is authorised to undertake a mortgage administrator's activity, and is exercising that activity on behalf of either a lender or other firm that is not itself authorised to undertake a mortgage administrator's activity;

• Other administrator: this is where your firm (although authorised to undertake a mortgage administrator's activity) is undertaking loan administration for either a lender or other 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.
SUP 16 : Reporting Annex 19B

requirements

G1 Mortgage contracts administered at end-quarter

Where your firm is acting as Principal administrator (columns 1-3)

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 mortgage administrator’s activity. It therefore excludes the reporting of:

• any loan administration where you, being a firm without a mortgage administrator’s activity, are merely providing an outsourced service for a third party which does have a mortgage administrator’s activity and which is exercising it in respect of those loans; and

• any loan administration where you, a firm having a mortgage administrator’s activity, are acting as agent and providing an outsourced service for a third party which itself has a mortgage administrator’s activity and which is exercising it in respect of those loans.

If you also have a mortgage lender’s activity, then you should treat your own on and off-balance sheet loans as follows:

(i) your firm’s 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 mortgage administrator’s activity;

(ii) your firm’s 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 special purpose vehicles where you are formally exercising your mortgage administrator’s activity).

Where your firm is acting as Other administrator (columns 4-6)

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.

G1.1 Number of loans

You should detail the number of regulated mortgage contracts administered as at the end of the quarter for firms with a mortgage lender’s activity, for other firms (i.e. lenders for which you administer mortgages but they themselves do not have a mortgage lender’s activity) and for special purpose vehicles (SPVs) (i.e. firms that fall within the Handbook definition of a special purpose vehicle).

You should also detail the number of non-regulated loans administered as at the end of the quarter for firms with a mortgage lender’s activity, for other firms (i.e. lenders for which you administer mortgages but they themselves do not have a mortgage lender’s activity) and for SPVs.

The total (all loans) is the sum of regulated mortgage contracts and non-regulated loans.

G1.2 Balance outstanding on loans

You should detail the balances outstanding on all regulated mortgage contracts that you administer as at the end of the quarter for firms with a mortgage lender’s activity, for other firms (i.e. lenders for which you administer mortgages but they themselves do not have a mortgage lender’s activity) and for SPVs.

You should detail the balances outstanding on all non-regulated loans that you administer as at the end of the quarter for firms with a mortgage lender’s activity, for other firms (i.e. lenders for which you administer mortgages but they themselves do not have a mortgage lender’s activity) and for SPVs.

The total (all loans) is the sum of regulated mortgage contracts and non-regulated loans.
G2  Lenders for whom mortgage administration was being carried out at quarter-end

Collects data only on the top five lenders for each category by value (i.e. the largest five firms by value, based on balances outstanding on regulated loans) for whom mortgage administration was being carried out at the quarter-end. (Details on other lenders are not required to be shown, over and above the top five listed in each category.)

The analysis required in G2 covers all mortgage administration activity undertaken by your firm, irrespective of whether your firm is acting as a ‘principal’ or ‘other’ administrator. The final column of the analysis, however, asks you to indicate your status for each firm listed, namely whether acting as ‘Principal’ or as ‘Other’ administrator.

G2.1  Firms with a mortgage lender’s activity

Please detail the top five firms (by value) for whom mortgage administration was being carried out at the quarter-end.

You should include the firm’s reference number in addition to the name of the firm.

You should indicate the value of regulated mortgage contracts and non-regulated loans for each of the top five firms for whom you administer such contracts.

The total (all loans) for each firm listed is the sum of regulated mortgage contracts and non-regulated loans.

G2.2  Other firms

Please detail the top five other firms (by value) for whom mortgage administration was being carried out at the quarter-end (but who themselves do not have a mortgage lender’s activity).

You should indicate the value of regulated mortgage contracts and non-regulated loans for each of the top five other firms for whom you administer.

The total (all loans) for each firm listed is the sum of regulated mortgage contracts and non-regulated loans.

G2.3  SPVs

Please detail the top five SPVs (by value) for whom mortgage administration was being carried out at the quarter-end. If your firm has off-balance sheet loans (which it has reported in G1.1 c and G1.2 c)) then please show your firm as one of these five SPVs as follows:

• group together all SPVs for which your firm is the originator and show the aggregated amounts on a single line (irrespective of whether the total of regulated loans for all such SPVs would rank within the top five);
• under "firm reference" column, put your firm’s reference number;
• under "Name of firm" column, put your firm’s name followed by "own SPVs" in brackets, for example XYZ firm name (own SPVs).

You should indicate the value of regulated mortgage contracts and non-regulated loans for each of the top five SPVs for whom you administer.

The total (all loans) for all SPVs 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 in exercising a mortgage administrator’s activity. 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, and is exercising, 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 are the loans reported at G1.2 b) in table G.

(ii) Loans administered for third party SPVs.

(iii) where your firm has a mortgage lender’s activity, loans that represent your firm’s off-balance sheet loans and which you have reported in section A3 of table A as “gross balances” under "Securitised balances".

NB: loans in (ii) and (iii) are all those shown in G1.2c of table G.

The information presented in table H should represent the total of all such loan types listed above, in a single version of the table.

<table>
<thead>
<tr>
<th>H1 – H5</th>
<th>Guidance on arrears items</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The guidance for these items is provided in section F of these guidance notes, where items H1 to H5 correspond to items F1 to F5.</td>
</tr>
<tr>
<td></td>
<td>The arrears analysis is of loan balances excluding overdrafts, as is the case in section F.</td>
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</tbody>
</table>

SECTION J: FEE TARIFF MEASURES

J1 Introduction

The purpose of this section is to enable the firm to provide data on the current fee tariff measures that apply to each of the regulated activities of home finance providing activity and administering a home finance transaction.

This section also distinguishes between the fee tariff measures that apply to the FCA and FOS Ltd (Financial Ombudsman Service Limited).

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 FCA’s Handbook where such details can be found:

* FEES 4 Annex 1AR and Annex 2AR of the Handbook for the FCA fee tariff*

To the extent that the FOS Ltd fee tariff measure requires other relevant activities that the firm carries out to be taken into account, these should be included in J1.3.

In relation to section J of the MLAR, firms must report the information required by this section solely in their year-end MLAR. Firms with an accounting 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.

<table>
<thead>
<tr>
<th>K1 Overall business summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>This section looks at the <strong>firm</strong>’s 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:</td>
</tr>
</tbody>
</table>

| K1.1 SRB agreements at start of quarter: | 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. |
| K1.2 New sales in quarter: | new SRB agreements transacted in the quarter, where the **firm** 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. |
| K1.3 Disposals in quarter: | SRB agreements where the **firm** 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. |
| K1.4 Business transfer-acquisitions: | where the **firm** acquires one or more existing SRB agreements from another party or parties. |
| K1.5 Business transfer-sales: | where the **firm** sells one or more existing SRB agreements to another party or parties. Include also transfers of such agreements to any party. |
| K1.6 Other: | 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. |
| K1.7 SRB agreements at end of quarter: | the number and book value of SRB contracts in existence at the end of the quarter. |
| K1.8 SRB agreements arranged for unauthorised persons: | 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.

NB: it is expected that figures in K1.7 will reconcile with those in other rows as follows:

- For ‘Numbers’: \[ K1.7 = K1.1 + K1.2 - K1.3 + K1.4 - K1.5 \]
- For ‘Amounts’: \[ K1.7 = K1.1 + K1.2 - K1.3 + K1.4 - K1.5 + K1.6 \]

K2

New business in the quarter

This section looks at various aspects of new business that has been transacted in the quarter: each is described below. For each aspect:

- The ‘sale value’ means the gross amount paid to the seller before any fees and charges have been deducted.
- The ‘All sales’ line should agree with figures reported in K1.2.

K2.1 to K2.3

Sales: analysed by discount on open market value (OMV)

Here SRB transactions are classified into different bands, according to the amount of discount 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.

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.

K2.4

Average of all sales

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.

K2.5 to K2.6

Sales: analysed by provider fees charged

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.

K2.7

Average fees charged

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 during the quarter with provider fees totalling £4000, enter £500 (£4000 divided by 8) in the ‘Amount’ column.

K2.8 to K2.9

Sales: analysed by annual rent as percentage of sales values

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

SRB agreements terminated or transferred in the quarter

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 Agreements terminated:

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 Transfers and disposals

Transfers

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.

Firms should report:

• original SRB values: the gross sales value paid to the seller;
• current SRB values: the book value of the contract at time of sale/transfer; and
• actual disposal/transfer values: the value of the contract as recognised in the agreement with the acquiring party.

Disposals

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.

Firms should report:

• original SRB values: the gross sales value paid to the seller;
• current SRB values: the book value of the contract at time of disposal; and
• actual disposal/transfer values: the price obtained on sale (before deducting any costs of sale).

K4 SRB agreements at end of quarter: cases 10% or more in arrears

Firms 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.

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.

K5 SRB administrators

Firms holding SRB administration permissions must complete the number of regulated SRB agreements that they administer, the number of non-regu-
lated SRB agreements that they administer and the number of SRB agreements that they administer for other firms.

The agreements administered for third parties must be further broken down by the number of SRB agreements administered for the largest five firms that they administer regulated SRB agreements for.

**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
This 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-eicas-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 only applies to loans for house purchase and remortgages and (in the case of sales data only) not to 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 / OEIC**
- **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

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>With profit bond</td>
<td>Includes all single premium policies where a lump sum is paid into a with profits fund made up of <em>investments</em> such as company shares, fixed interest <em>securities</em>, commercial property and <em>money</em>. Unitised with profit bonds should be reported under this category.</td>
</tr>
<tr>
<td>Unit linked bond</td>
<td>A contract where the premium buys, or is deemed to buy investment units in a selected fund. The value of the <em>policyholder’s</em> fund is linked to the value of the <em>units</em> (see guidance relating to distribution bonds).</td>
</tr>
<tr>
<td>Distribution bond</td>
<td>A single premium <em>investment</em> policy. The funds are invested in equities and gilts and an income is paid each year to the <em>policyholder</em>, dependent on the performance of the <em>investments</em>. 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.</td>
</tr>
<tr>
<td>Guaranteed income/growth/investment bond</td>
<td>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.</td>
</tr>
<tr>
<td><strong>Structured capital-at-risk product</strong></td>
<td>Defined in the Handbook <em>Glossary</em>.</td>
</tr>
<tr>
<td>Life/pension annuity</td>
<td>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: • deferred and immediate annuities • compulsory purchase annuities • home income plans; and • all other types of life annuities</td>
</tr>
<tr>
<td>Unit trust scheme</td>
<td>Defined in the Handbook <em>Glossary</em>.</td>
</tr>
<tr>
<td>Investment trust</td>
<td>Defined in the Handbook <em>Glossary</em>.</td>
</tr>
<tr>
<td>ISA</td>
<td>Defined in the Handbook <em>Glossary</em>. Cash and insurance ISAs should not be reported</td>
</tr>
<tr>
<td>Endowment savings plan</td>
<td>An endowment plan with a fixed term with benefits paid on death within the term or on maturity</td>
</tr>
<tr>
<td>Mortgage endowment</td>
<td>This should include any regular premium low cost endowments plus unitised with profit endowments</td>
</tr>
<tr>
<td>Long-term care insurance contract</td>
<td>[The FSA consulted in CP 200 on the definition of <em>long-term care insurance contract</em> that will apply from 14 January 2005. The guidance here will cross-reference to the finalised definition.]</td>
</tr>
<tr>
<td>Stakeholder Pension</td>
<td>See Handbook <em>Glossary</em> for definition of ‘stakeholder pension scheme’.</td>
</tr>
<tr>
<td>PRODUCT</td>
<td>Guidance</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Personal pension</td>
<td>See Handbook Glossary for definition of ‘personal pension scheme’. For reporting purposes do not include Rebate Only Pension business.</td>
</tr>
<tr>
<td>Group personal pension</td>
<td>See Handbook Glossary for definition of ‘group personal pension scheme’. 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.</td>
</tr>
<tr>
<td>FSAVC</td>
<td>Defined in the Handbook Glossary. Do not include Rebate Only Pension business.</td>
</tr>
<tr>
<td>Individual pension transfer</td>
<td>See Handbook Glossary for definition of ‘pension transfer’.</td>
</tr>
<tr>
<td>Pension opt out</td>
<td>Defined in the Handbook Glossary.</td>
</tr>
<tr>
<td>Section 32 buy out/</td>
<td>An arrangement where trustees accept capital from employees who have left occupational pension scheme service and the transfer value is reinvested in an attempt to provide better benefits when the employee retires.</td>
</tr>
<tr>
<td>Group section 32 buy out</td>
<td></td>
</tr>
<tr>
<td>Income drawdown</td>
<td>See Handbook Glossary for definition of ‘income withdrawal’. This should include transfer plans that allow income from a pension plan in advance of an annuity being purchased</td>
</tr>
<tr>
<td>Executive pension scheme</td>
<td>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.</td>
</tr>
<tr>
<td>SSAS</td>
<td>Defined in the Handbook Glossary. 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.</td>
</tr>
<tr>
<td>Trustee investment bond</td>
<td>A lump sum investment vehicle designed for use by pension scheme trustees. Includes SSAS Trustee Investment Bonds and SIPP Trustee Investment Bonds</td>
</tr>
<tr>
<td>Group money purchase</td>
<td>An occupational pension scheme which provides money-purchase benefits which is available to employees of the same employer or of employers within a group.</td>
</tr>
<tr>
<td>AVC Final salary</td>
<td>Pension premiums should be reported gross.</td>
</tr>
<tr>
<td>AVC Group money purchase</td>
<td>Pension premiums should be reported gross.</td>
</tr>
</tbody>
</table>

**Mortgages**

(a)Types of interest or reversion rate
### Types of interest or reversion rate

<table>
<thead>
<tr>
<th>Description</th>
<th>Types of interest or reversion rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>where the interest rate is fixed for a stated period.</td>
<td>Fixed rate</td>
</tr>
<tr>
<td>where a discount is applied to a variable rate, usually for a limited period of time.</td>
<td>Discounted variable rate</td>
</tr>
<tr>
<td>where the interest rate is guaranteed to move in line with the Bank of England Base (or Repo) Rate.</td>
<td>Bank of England Base Rate tracker</td>
</tr>
<tr>
<td>where the interest rate is guaranteed to move in line with LIBOR (the London InterBank Offered Rate).</td>
<td>LIBOR tracker</td>
</tr>
<tr>
<td>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.</td>
<td>Other tracker</td>
</tr>
<tr>
<td>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).</td>
<td>Capped (and collared) rate mortgage</td>
</tr>
<tr>
<td>the lender’s underlying interest rate.</td>
<td>Standard variable rate</td>
</tr>
</tbody>
</table>

### Features

<table>
<thead>
<tr>
<th>Data Item</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Flexible mortgage**              | 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. 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:  
  • interest must be calculated monthly or daily; and  
  • must have an overpayment facility.                                                                                                                                                                           |
| **Cashback**                       | a cash amount paid by a mortgage lender to a customer (typically at the beginning of a contract) as an inducement to enter into a regulated mortgage contract with the mortgage lender.                                                                 |
| **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 customer 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

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>These policies are ‘pure’ critical illness policies i.e. there is no life cover sold alongside them. Under these policies the insurer provides the sum insured to the policyholder in the event of diagnosis of a life threatening condition.</td>
</tr>
<tr>
<td>For reporting purposes, this applies where critical illness is offered as a rider benefit to either a mortgage protection policy (a life policy 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.</td>
</tr>
<tr>
<td>Insurance contracts arranged by an individual to provide for payment of income during a period of incapacity, due to ill health or accident.</td>
</tr>
</tbody>
</table>

### Other home finance transactions

<table>
<thead>
<tr>
<th>Finance Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home reversion plan</td>
<td>Defined in the Handbook Glossary</td>
</tr>
<tr>
<td>Home purchase plan</td>
<td>Defined in the Handbook Glossary</td>
</tr>
<tr>
<td>Regulated sale and rent back agreement</td>
<td>Defined in the Handbook Glossary</td>
</tr>
</tbody>
</table>

### Short-term loans

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-cost short-term credit</td>
<td>Defined in the Handbook Glossary</td>
</tr>
<tr>
<td>Home credit loan agreements</td>
<td>Defined in the Handbook Glossary</td>
</tr>
</tbody>
</table>
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]
[deleted]
Data items for SUP 16.12

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

Data items for SUP 16.12

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

[deleted]
[deleted]
[deleted]

[deleted]
[deleted]

[deleted]
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.
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 capital 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

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.
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, SUP 16.13.7D and the EBA Guidelines on fraud reporting under the Second Payment Services Directive (PSD2) (“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. In turn, the FCA is required to aggregate this data and share it with the EBA and the ECB.

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 PSD2 provisions.

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;
  - card details theft;
  - 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-A527-89AC29B28343/0/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](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/](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 Rik 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

<table>
<thead>
<tr>
<th>PSPs should report the following information in respect of the payment type – e.g. credit transfers, direct debits etc:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2A–2L</td>
</tr>
<tr>
<td>38A–38L</td>
</tr>
<tr>
<td>48A–48L</td>
</tr>
<tr>
<td>103A–103L</td>
</tr>
<tr>
<td>155A–155L</td>
</tr>
<tr>
<td>167A–167L</td>
</tr>
<tr>
<td>199A–199L</td>
</tr>
<tr>
<td>200A–200L</td>
</tr>
</tbody>
</table>

• total domestic transaction volume (i.e. the number of transactions) for payment type – Column A;

• total domestic transaction value for payment type Column B;

• total transaction volume for payments made cross-border within the EEA – Column C;

• total transaction value for payments made cross-border within the EEA – Column D;

• total transaction volume for payments made cross-border outside the EEA – Column E;

• 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.

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 |
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 (Recital 95 of the revised Payment Services Directive).

Payment initiation channel – initiated electronically
5A–5L (credit transfers)
50A–50L (card payments)
105A–105L (card payment acquired)

Remote transactions

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 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 (revised Payment Services Directive article 4(1)(6)).

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.
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

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
Fraudulent transactions broken down by exemption from SCA

Credit transfers
15A–20L
30A–34L

Card payments
72A–76L
96A–99L

Card payments acquired
127A–129L
149A–151L

E-money payment transactions
177A–182L
192A–195L

Losses due to fraud per liability bearer

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.

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.

Since refunds by insurance agencies are not related to fraud prevention for the purposes of PSD2, the final fraud loss figures should not take into account such refunds.

Table 2 - Fraud relating to account information services

<table>
<thead>
<tr>
<th>Number of incidents of fraud</th>
<th>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).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of incidents of fraud</td>
<td>Please indicate the number of incidents of fraud</td>
</tr>
<tr>
<td>209A</td>
<td>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).</td>
</tr>
<tr>
<td>Total value of fraud across all incidents (or an estimation of the loss to the persons defrauded (£))</td>
<td>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.</td>
</tr>
<tr>
<td>Total value of fraud</td>
<td>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.</td>
</tr>
<tr>
<td>209B</td>
<td>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.</td>
</tr>
</tbody>
</table>

In all other circumstances, the AISP should provide an estimation of the loss to the persons defrauded. In this context, ‘persons’ includes the user of the AIS service, any other PSP (such as a credit institution that operated the payment account that the AIS 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.

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.

AISPs should convert values for non-sterling transactions into sterling using the average ECB reference exchange rate for the applicable reporting period, where available.

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.

<table>
<thead>
<tr>
<th>Description of fraud</th>
<th>Description of fraud</th>
</tr>
</thead>
<tbody>
<tr>
<td>209C</td>
<td>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).</td>
</tr>
</tbody>
</table>
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_20190914.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.

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[deleted]

[deleted]
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.
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

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.
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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[deleted]
[deleted]

[deleted]
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

FIN060 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 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. 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

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.
Notes on completing small e-money institution questionnaire

FIN060 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 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 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. 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

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.
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
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 32 R]
[deleted]
Remuneration Benchmarking Information Report

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

Remuneration Benchmarking Information Report - SUP 16 Annex 33AR
Guidance notes for data items in SUP 16 Annex 33AR

(1) Financial year for which the remuneration is awarded

A firm's financial year should be designated by reference to the calendar year in which it ends. For example, if a firm's accounting reference date is 31 March 2013, the financial year that begins on 1 April 2013 and ends on 31 March 2014 will be the firm's 2014 financial year.

(2) Consolidation

When reporting on a consolidated basis as a UK lead regulated group, firms should where possible treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

(3) Reference year of data collected and currency conversion


The table contains monthly exchange rates. A list sorted by country name can be generated using the ‘access by list of countries’ function. Institutions should use the exchange rate applicable for the month in which the financial year ended.

Figures should be reported in full amounts.

(b) Data should comprise both fixed and variable remuneration awarded for performance during the performance year preceding the year of submission of the information.

(c) Remuneration awarded based on multi-year accrual periods that do not revolve on an annual basis, i.e. where institutions do not start a new multi-year period every year, should be fully allocated to the performance year in which the remuneration was awarded, without consideration of the point in time when the variable remuneration is effectively paid. These amounts should be reported separately to allow a further analysis of fluctuations of the variable remuneration and should not be deducted from the amount of variable remuneration reported.

(d) The information to be provided on ex-post adjustments (which adjusts remuneration for crystallisation of specific risks events), including clawback and malus, refers to the application of these arrangements for remuneration already awarded. These amounts should be reported separately and should not be deducted from the amount of variable remuneration reported.

(e) Only the amounts of variable remuneration awarded in the performance year should be reported as deferred. Deferred variable remuneration for previous periods that has not yet vested should be reported separately.

(f) Where numbers should be reported in terms of the headcount, the number of natural persons should be entered, independent of the number of working hours on which their
contract is based. Where numbers should be reported in terms of the full-time equivalent, the number should be based on the percentage of time that a staff member is employed compared to a full-time contract.

(g) Staff should be classified under the function or business area where they carry out the predominant part of their business activities. The full amount of their remuneration awarded to that staff member within the group or institution should be reported under this function or business area.

(4) Data elements

These are referred to by row first and then by column, so data element 2B will be in row 2 and column B.

(5) Definitions

For the purpose of completing the form in SUP 16 Annex 33A, the following terms are defined:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>MB Supervisory Function</td>
<td>Members of the management body in its supervisory function; this includes non-executive directors of any board in the scope of consolidation.</td>
</tr>
<tr>
<td>MB Management Function</td>
<td>Members of the management body in its management function who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation.</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>Include corporate finance advice services, private equity, capital markets, trading and sales.</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>Include total lending activity (to individuals and enterprises).</td>
</tr>
<tr>
<td>Asset Management</td>
<td>Include portfolio management, managing of UCITS and other forms of asset management.</td>
</tr>
<tr>
<td>Corporate Functions</td>
<td>All functions that have responsibilities for the whole institution at the consolidated level and for subsidiaries with such functions at the solo level, e.g. Human Resources, IT.</td>
</tr>
<tr>
<td>Independent Control Functions</td>
<td>Staff active in the independent risk management, compliance and internal audit functions as described in the EBA’s guidelines on internal governance. Such reporting requirements should apply to these functions at the consolidated level and for subsidiaries with such functions at the solo level.</td>
</tr>
<tr>
<td>All Other</td>
<td>This column should include staff that cannot be allocated to one of the designated business areas.</td>
</tr>
<tr>
<td>Senior management</td>
<td>As defined in the Glossary, that is those persons who are a natural person and who exercise executive functions in an institution and who are responsible and accountable to the management body for the day-to-day management of the institution.</td>
</tr>
<tr>
<td>Control Functions</td>
<td>Control functions comprise control functions within the business units and the independent compliance, risk control and internal audit function.</td>
</tr>
<tr>
<td>Identified Staff</td>
<td>Staff whose professional activities have a material impact on the firm’s risk profile in accordance with Regulation (EU) 604/2014 (Regulatory technical standards to identify staff who are material risk takers). For data relating to the performance year 2013, identified staff are those whose professional activities have a material impact on the firm’s risk profile in accordance with SYSC 19A.3.4 R.</td>
</tr>
<tr>
<td>Fixed remuneration</td>
<td>Fixed remuneration includes payments, proportionate regular (non-discretionary) pension contributions or benefits (where they are without consideration of any performance criteria).</td>
</tr>
</tbody>
</table>
### Variable remuneration

Variable remuneration includes additional payments or benefits depending on performance or, in exceptional circumstances, other contractual elements but not those which form part of routine employment packages (such as healthcare, childcare facilities or proportionate regular pension contributions). Both monetary and non-monetary benefits should be included. Amounts should be reported gross, without any reduction due to the application of the discount rate for variable remuneration for the categories of total variable remuneration, variable in cash, variable in shares and share-linked instruments, and variable in other types of instruments.

### Variable remuneration in other types of instruments which has been deferred

Cash and instruments in accordance with Commission Delegated Regulation (EU) No 527/2014 (Regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of a firm as a going concern and are appropriate to be used for the purposes of variable remuneration).

### Deferred variable remuneration in other types of instrument

Instruments in accordance with Commission Delegated Regulation (EU) No 527/2014 (Regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of a firm as a going concern and are appropriate to be used for the purposes of variable remuneration).

### Deferred remuneration

Should be determined with reference to SYSC 19A.3.49 R. Amounts should be reported gross, without any reduction due to the application of the discount rate for deferred variable remuneration for the categories of total deferred variable remuneration, deferred variable in cash, deferred variable in shares and share-linked instruments, and deferred variable in other types of instruments.

### Discretionary pension benefits

As defined in the Glossary with reference to article 4(1)(73) of the EU CRR, which means enhanced pension benefits granted on a discretionary basis by a firm to an employee as part of that employee’s variable remuneration package, which do not include accrued benefits granted to an employee under the terms of the company pension scheme.

### (6) Specific guidance on data fields

<table>
<thead>
<tr>
<th>Field</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information on remuneration of identified staff</strong></td>
<td></td>
</tr>
<tr>
<td>3B-I Number of staff</td>
<td>The number of staff should be reported as a headcount figure and be based on year end numbers.</td>
</tr>
<tr>
<td>4C-I Total number of staff</td>
<td>The total number of staff should be expressed in full time equivalents (FTE) and be based on year end numbers.</td>
</tr>
<tr>
<td>6B-I Total remuneration</td>
<td>The total remuneration figure (fixed and variable) awarded in the remuneration year expressed per function.</td>
</tr>
<tr>
<td>7B-I Variable remuneration</td>
<td>The total variable remuneration awarded in the remuneration year expressed per function.</td>
</tr>
<tr>
<td><strong>Business Areas</strong></td>
<td></td>
</tr>
<tr>
<td>8B-C Members of management body</td>
<td>The number of management body members should be reported as a headcount figure and be based on year end numbers.</td>
</tr>
<tr>
<td>9D-I Number of identified staff</td>
<td>The total number of staff should be expressed in full time equivalents (FTE) and be based on year end numbers.</td>
</tr>
<tr>
<td>Field</td>
<td>Guidance</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>10D-I</td>
<td>The number of identified staff in senior management positions should be reported as a headcount figure and be based on year end numbers.</td>
</tr>
<tr>
<td>11B-18I</td>
<td>Deferred fixed and variable <em>remuneration</em> should not be included in these fields.</td>
</tr>
<tr>
<td>19B-22I</td>
<td>Includes deferred variable <em>remuneration</em>.</td>
</tr>
</tbody>
</table>

**Additional information regarding the amount of total variable remuneration**

<table>
<thead>
<tr>
<th>Field</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>23B-I</td>
<td>This position includes the deferred variable <em>remuneration</em> which was awarded in previous periods and which has not yet vested. Amounts should be reported gross, without any reduction due to the application of the discount rate for deferred variable <em>remuneration</em>.</td>
</tr>
<tr>
<td>24B-I</td>
<td>Expressed as a monetary value. Explicit ex post performance adjustment in accordance with SYSC 19A.3.51 R and SYSC 19A.3.51A R.</td>
</tr>
<tr>
<td>25B-I</td>
<td>Expressed as number of individuals.</td>
</tr>
<tr>
<td>26B-I</td>
<td>Expressed as a monetary value. Guaranteed variable <em>remuneration</em> in accordance with SYSC 19A.3.40 R.</td>
</tr>
<tr>
<td>28B-I</td>
<td>The total monetary value of severance payments in the financial year.</td>
</tr>
<tr>
<td>30B-I</td>
<td>The total number of beneficiaries expressed as individuals.</td>
</tr>
<tr>
<td>31B-I</td>
<td>The total amount of contributions should be provided in euros.</td>
</tr>
<tr>
<td>32B-I</td>
<td>See Guidance note (3)(c).</td>
</tr>
</tbody>
</table>

**Information on identified staff remunerated EUR 1 million or more in year**

<table>
<thead>
<tr>
<th>Field</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>33A-XC</td>
<td>The number of identified staff within each pay bracket should be expressed in headcount figures. Further brackets should be added in ranges of EUR 1 million where needed.</td>
</tr>
</tbody>
</table>
[deleted]
High Earners Report

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

High Earners Report - SUP 16 Annex 34AR
Guidance notes for data items in SUP 16 Annex 34AR

(1) Financial year for which the remuneration is awarded

A firm's financial year should be designated by reference to the calendar year in which it ends. For example, if a firm's accounting reference date is 31 March 2013, the financial year that begins on 1 April 2013 and ends on 31 March 2014 will be the firm's 2014 financial year.

(2) Consolidation

When reporting on a consolidated basis as a UK lead regulated group, firms should where possible treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

(3) Currency

See ■ SUP 16.17.4R (9) which provides that firms must report in euros. To convert into euros, firms must use the rates published by the European Commission for financial programming and budget for December of the reported year. The table is published on the European Commission's website: [http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)

The table contains monthly exchange rates. A list sorted by country name can be generated using the ‘access by list of countries’ function. Institutions should use the exchange rate applicable for the month in which the financial year ended.

Figures should be reported in full amounts.

(4) Information to be collected

(a) High earners should be classified under the EEA State, function or business area and responsibility where they carry out the predominant part of their business activities. The full amount of remuneration awarded to the relevant high earner within the group or firm should be reported under this EEA State, function or business area and responsibility.

(b) If the predominant areas for one high earner have the same weight, the firm should allocate the high earner and his remuneration taking into account the allocation of other high earners, so that the report best reflects the distribution of high earners within the firm.

(c) For each high earner, figures should only be reported once and the full amounts should be assigned to one EEA State, one function or business area and responsibility only.

(d) High earners who carry out professional activities both within and outside the EEA should be classified under an EEA State only if they carry out the predominant part of their professional activities within the EEA. Otherwise, figures should not be reported.

(5) Data elements

These are referred to by row first and then by column, so data element 2B will be in row 2 and column B.

(6) Separate templates
Firms should submit a separate template for each EEA Member State where the group is operating.

(7) Definitions

For the purpose of completing the form in SUP 16 Annex 34A, the following terms are defined:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>MB Supervisory Function</td>
<td>Members of the management body in its supervisory function; this includes non-executive directors of any board in the scope of consolidation.</td>
</tr>
<tr>
<td>MB Management Function</td>
<td>Members of the management body in its management function who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation.</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>Include corporate finance advice services, private equity, capital markets, trading and sales.</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>Include total lending activity (to individuals and enterprises).</td>
</tr>
<tr>
<td>Asset Management</td>
<td>Include portfolio management, managing of UCITS and other forms of asset management.</td>
</tr>
<tr>
<td>Corporate Functions</td>
<td>All functions that have responsibilities for the whole institution at the consolidated level and for subsidiaries with such functions at the solo level, e.g. Human Resources, IT.</td>
</tr>
<tr>
<td>Independent Control Functions</td>
<td>Staff active in the independent risk management, compliance and internal audit functions as described in the EBA's guidelines on internal governance. Such reporting requirements should apply to these functions at the consolidated level and for subsidiaries with such functions at the solo level.</td>
</tr>
<tr>
<td>All Other</td>
<td>This column should include staff that cannot be allocated to one of the designated business areas.</td>
</tr>
<tr>
<td>Senior management</td>
<td>As defined in the Glossary, that is those persons who are a natural person and who exercise executive functions in an institution and who are responsible and accountable to the management body for the day-to-day management of the institution.</td>
</tr>
<tr>
<td>Control Functions</td>
<td>Control functions comprise control functions within the business units and the independent compliance, risk control and internal audit function.</td>
</tr>
<tr>
<td>High Earners</td>
<td>As defined in the Glossary, that is an employee whose total annual remuneration is EUR 1 million or more per year or its equivalent in another currency determined by reference to the conversion rate applicable to the corresponding High Earners Report under SUP 16.</td>
</tr>
<tr>
<td>Identified Staff</td>
<td>Staff whose professional activities have a material impact on the firm’s risk profile in accordance with Regulation (EU) 604/2014 (Regulatory technical standards to identify staff who are material risk takers). For data relating to the performance year 2013, identified staff are those whose professional activities have a material impact on the firm’s risk profile in accordance with SYSC 19A.3.4 R.</td>
</tr>
<tr>
<td>Fixed remuneration</td>
<td>Fixed remuneration includes payments, proportionate regular (non-discretionary) pension contributions or benefits (where they are without consideration of any performance criteria).</td>
</tr>
</tbody>
</table>
| Variable remuneration         | Variable remuneration includes additional payments or benefits depending on performance or, in exceptional circumstances, other contractual elements but not those which form part of routine employment packages (such as healthcare, childcare facilities or proportionate regular pension contributions). Both monetary
### Term Definition

**Variable remuneration in other types of instruments**

Instruments in accordance with Commission Delegated Regulation (EU) No 527/2014 (Regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of a firm as a going concern and are appropriate to be used for the purposes of variable remuneration).

**Deferred variable remuneration in other types of instruments**

Should be determined with reference to SYSC 19A.3.49 R. Amounts should be reported gross, without any reduction due to the application of the discount rate for deferred variable remuneration for the categories of total deferred variable remuneration, deferred variable in cash, deferred variable in shares and share-linked instruments, and deferred variable in other types of instruments.

**Deferred remuneration**

As defined in the Glossary with reference to article 4(1)(73) of the EU CRR, which means enhanced pension benefits granted on a discretionary basis by a firm to an employee as part of that employee's variable remuneration package, which do not include accrued benefits granted to an employee under the terms of the company pension scheme.

### (8) Specific guidance on data fields

<table>
<thead>
<tr>
<th>Field</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>5A</td>
<td>Payment bracket</td>
</tr>
<tr>
<td>6B-8H</td>
<td>Individuals</td>
</tr>
<tr>
<td>11A-14H</td>
<td>Total fixed remuneration</td>
</tr>
<tr>
<td>15A – 18A</td>
<td>Total variable remuneration</td>
</tr>
<tr>
<td>19A-22H</td>
<td>Deferred variable remuneration</td>
</tr>
</tbody>
</table>

**Additional information regarding the amount of total variable remuneration**

- **24A-H** Severance payments: The total monetary value of severance payments in the financial year.
- **26A-H** Variable remuneration for multi-year periods which are not revoked annually: Remuneration awarded based on multi-year accrual periods that do not revolve on an annual basis, i.e. where institutions do not start a new multi-year period every year, should be fully allocated to the performance year in which the remuneration was awarded, without consideration of the point in time when the variable remuneration is effectively paid. These amounts should be reported separately to allow a further analysis of fluctuations of the
### Field Guidance

<table>
<thead>
<tr>
<th>Field</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplementary Information</td>
<td>variable <em>remuneration</em> and should not be deducted from the amount of variable <em>remuneration</em> reported.</td>
</tr>
<tr>
<td>27A</td>
<td>For staff included in column H ‘all other’, <em>institutions</em> must provide explanatory text including the business area in which those staff sit.</td>
</tr>
</tbody>
</table>
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
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
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
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
Controllers Report

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

SUP 16 Annex 37AR
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;

(ii) 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

<table>
<thead>
<tr>
<th>Balance sheet items</th>
<th></th>
<th>Incorporated firms: add the value of all types of shares, reserves, retained earnings and verified current year profit.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A Total shareholder funds/Partnership capital/Sole trader capital</td>
<td></td>
<td>Partnerships and sole traders: add the value of all capital accounts, retained earnings and verified current year profit.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Limited liability partnerships (LLPs): add the value of all cash and capital accounts.</td>
</tr>
</tbody>
</table>
### 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 banks or building societies. |
| 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 firm and a related entity). These exposures can either be amounts owed to the firm by debtors, or amounts owed by the firm to creditors. |

Identify in each case the name of the counterparty from or to whom the amount is owed.

Identify whether the amount is owed to the firm (debtor) or owed by the firm (creditor).

#### Income statement (including regulated business revenue)

| 8A | Total income | Firms 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 firm’s balance sheet, but to the retained profit or loss figure for the period shown on the firm’s 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:

\[
\frac{(4 \times 300) + (3 \times 400) + (2 \times 500) + (1 \times 750)}{10}
\]

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 | Firms should enter the total value of all the relevant debts under management that are used to calculate the firm’s current prudential resources requirement. This should be the figure calculated at the latest accounting reference date, or, if there has been a change in the value of all the relevant debts under management of more than 15%, the re-calculated figure. See CONC 10.2.5R to CONC 10.2.10G and CONC 10.2.13R to CONC 10.2.14R. |
| 2A | Total prudential resources requirement | Firms should enter whichever figure is higher out of: (a) £5000; and (b) the variable prudential resources requirement calculated based on the value of relevant debts under management outstanding entered in element 1A. See CONC 10.2.5R, CONC 10.2.8R and CONC 10.2.11G to 10.2.12G. 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 CONC 10 is £5,000. |
| 3A | Total prudential resources | Firms should enter their total prudential resources, calculated in accordance with CONC 10. |
| 4A | Number of debt management plans that end before the end of the term originally agreed | Firms should identify the number of debt management plans that ended earlier than stated in the original contract during the reporting period. |

**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

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1A</td>
<td>What was the highest balance of client money held during the reporting period?</td>
<td>A CASS debt management firm should enter the highest total amount of client money that was held in respect of debt management activity at a single point in time during the reporting period.</td>
</tr>
<tr>
<td>2A</td>
<td>What was the highest number of clients for whom client money was held during the reporting period?</td>
<td>A CASS debt management firm should enter the highest number of clients for whom client money was held in respect of debt management activity at a single point in time during the reporting period.</td>
</tr>
<tr>
<td>3A</td>
<td>How much client money (if any) did you hold in excess of five days following receipt?</td>
<td>If a CASS large debt management firm, at any point during the reporting period, held client money for an individual client, relating to a single transaction, in excess of five days of receipt of cleared funds, it should report the aggregate balance of this client money (i.e. the sum of all the amounts that were held longer than five days). A CASS large debt management firm should report ‘0’ if it did not hold client money in excess of five days at any point during the reporting period. In accordance with CASS 11, a CASS large debt management firm must pay any client money it receives to creditors as soon as reasonably practicable, save in the circumstances set out in in CASS 11. In the FCA’s view the payment to creditors should normally be within five business days of the receipt of cleared funds.</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Total value of debts being pursued for collection</th>
<th>The firm should report the total value of all the debts that are being actively pursued for collection at the end of the reporting period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Total value of debts under collection</td>
<td>The firm should report the total value of all the debts that it has on its books to collect at the end of the reporting period.</td>
</tr>
<tr>
<td>4</td>
<td>Total number of debts being pursued for collection</td>
<td>The firm should report the number of individual debts that are being actively pursued for collection at the end of the reporting period.</td>
</tr>
<tr>
<td>5</td>
<td>Total number of debts under collection</td>
<td>The firm should report the number of individual debts that it has on its books to collect at the end of the reporting period.</td>
</tr>
<tr>
<td>6</td>
<td>Number of debts under collection with missed repayments</td>
<td>The firm should identify the number of debts under collection on its books that have missed repayments.</td>
</tr>
<tr>
<td>7</td>
<td>Total income per placement (000s)</td>
<td>The firm should indicate the amount of income (in thousands) that has been attributed to debts collected under each stage of placement.</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th></th>
<th>Revenue from credit-related regulated activities</th>
<th>A firm should report the total amount of income (before expenses) received by the firm for its credit-related business activities during the reporting period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A</td>
<td></td>
<td>Example 1:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A firm sells a product for £1,000 after referring the customer for financing. The firm receives £50 commission for the credit broking referral, as well as the £1,000 for the product sale.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For data field 1A, the firm would report its credit-related income as £50. The income from activities unrelated to credit should not be included here.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Example 2:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A firm sells a product for £1,000. The customer pays £500 cash and the firm refers the customer for financing for the remaining balance. The firm receives £50 commission for the referral.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For data field 1A, the firm would report its credit-related income as £50. The amount of finance referred should not be reported here.</td>
</tr>
<tr>
<td>Requirement</td>
<td>Description</td>
<td>Notes</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>-------</td>
</tr>
<tr>
<td>2A</td>
<td>Total revenue (including from activities other than credit-related regulated activities)</td>
<td>A firm should report all income (before expenses) received for all its business, both regulated and un-regulated. For example, if a firm has sold a product for £1,000 and received £50 commission for referring the customer for credit, for data field 2A, the firm should report the total amount of money received, £1,050.</td>
</tr>
<tr>
<td>3A</td>
<td>Number of transactions involving credit-related regulated activities in reporting period</td>
<td>A firm should report the total number of credit-related transactions which occurred during the reporting period. A transaction is where a customer took out a credit-related product during the reporting period or engaged the firm’s services during the period. In the case of credit broking, a transaction is irrespective of whether a credit agreement or consumer hire agreement is entered into.</td>
</tr>
<tr>
<td>4A</td>
<td>Number of complaints relating to credit-related activities received in period</td>
<td>A firm should report the total number of complaints received during the reporting period in relation to credit-related regulated activities. Any complaints about the firm’s non-credit-related business should not be included here.</td>
</tr>
<tr>
<td>5A</td>
<td>Credit-related regulated activity which generated the highest amount of turnover in reporting period</td>
<td>Selecting from the following options, a firm should identify which credit-related regulated activity generated the highest amount of turnover during the reporting period: • lending; • consumer hire; • not-for-profit debt counselling; • secondary credit broking; or • other.</td>
</tr>
<tr>
<td>6A</td>
<td>Total annual income as defined in FEES 4 Annex 11BR for the purposes of FCA fees reporting</td>
<td>Firms should refer to FEES 4 Annex 11BR to calculate this figure. Firms which receive grants or funding for their activities should only include this information here when it relates specifically to credit-related regulated activity. 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 FEES 4.2.7B(5)(c) and FEES 4.2.7B(5)(d).</td>
</tr>
</tbody>
</table>
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:

(b) the principal of the advance (including any further advances made);
(b) interest accrued on the advance (but only up to the reporting date), including any interest suspended; and
(b) 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, repossessions 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:

(a) the accumulated total amounts of (monthly or other periodic) payments due to be received from the borrower; and

(a) 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:

(a) include accrued interest only up to the reporting date but not beyond;

(a) 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;
(a) 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);

(a) 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 repossessions
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
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
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
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 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.

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

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1A</td>
<td>Does the data in this report cover more than one authorised firm?</td>
</tr>
<tr>
<td>2A</td>
<td>If yes, list the FRNs of all additional firms included in this report.</td>
</tr>
</tbody>
</table>

If the report is being submitted on behalf of a number of firms, firms should answer ‘yes’ to this question.

Where a report is submitted on behalf of a number of firms, the submitting firm should report all of the FRNs of the firms included.

A firm listed in response to this question by another firm within its group will see the requirement marked as ‘satisfied for group’ in the appropriate systems accessible from the FCA website. Firms to whom this applies do not need to report a separate nil return.

Section 1: Operating jurisdictions

Please list:
### 3A

<table>
<thead>
<tr>
<th>The jurisdictions within which the firm operates as at the end of the reporting period.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input the country codes (in ISO 3166 format) of the jurisdictions within which the firm is operating as at the end of the reporting period.</td>
</tr>
<tr>
<td>Only those jurisdictions active as at the end of the reporting period should be reported; if a firm terminated operations within a jurisdiction during the reporting period, this jurisdiction does not need to be reported.</td>
</tr>
<tr>
<td>‘Operates’ for the purposes of this form is defined as where the firm carries on its business or has a physical presence through a legal entity.</td>
</tr>
<tr>
<td>For avoidance of doubt, this definition includes those jurisdictions in which the firm has representative offices. It also includes any jurisdictions where the firm carries on business using a services passport or an establishment passport.</td>
</tr>
<tr>
<td>Where a firm is operating in the UK as a branch or subsidiary of a foreign institution, it should report the operations of the UK branch or subsidiary rather than all jurisdictions where the firm operates.</td>
</tr>
<tr>
<td>This question does not concern the geographical location of the firm’s customers or clients.</td>
</tr>
<tr>
<td>This question is mandatory and must contain at least one entry, i.e. ‘GBR’.</td>
</tr>
</tbody>
</table>

### 3B

| Those jurisdictions assessed and considered high-risk by the firm. |
| Input the country codes (in ISO 3166 format) of the jurisdictions assessed and considered by the firm to be high-risk. As a minimum, firms should report any jurisdictions considered high-risk in which they operate. In addition, where a firm 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. |
| This question should be answered with regard to the firm’s own assessment of risk, which may or may not include the use of available public indices. |
| A firm should therefore leave this section blank if it does not operate in any high-risk jurisdictions nor carry out a country risk assessment. |
| Firms who provide a positive response to question 17 (customers linked to high-risk jurisdictions) should also provide a response to question 3B. |

### 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:

<table>
<thead>
<tr>
<th>4A&amp;B</th>
<th>Politically Exposed Persons (PEPs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>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 Money Laundering Regulations. These definitions should be read in conjunction with the guidance published by the FCA in FG17/6. Firms should report the number of customer or client 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 customer or client. 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. Firms should not reclassify customers or clients for the purposes of completing this return. If firms do not classify or identify PEP-connected corporate entities as PEP customers or clients within their current policies, there is similarly no requirement to report. The figure provided should include existing customer or client relationships that became PEPs in the reporting period. Where a PEP has multiple relationships with the firm, that PEP should only be reported once in each of questions 4A and 4B.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5A&amp;B</th>
<th>Non-EEA correspondent banks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This refers to situations where a credit institution has a correspondent banking relationship with a respondent institution from a non-EEA state. These terms are intended as set out in Regulation 34(4)(a)(i) of the Money Laundering Regulations. Non-credit institutions who do not hold these types of relationships should simply record zero in their response. In addition, for the purposes of reporting, a firm is not required to include any relationship that falls within Regulation 34(4)(a)(ii).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6A&amp;B</th>
<th>All other high-risk customers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This refers to a customer or client categorised as being high-risk for the purposes of compliance with Regulation 33(1)(a) of the Money Laundering Regulations, and therefore subject to Enhanced</td>
</tr>
</tbody>
</table>
Customer Due Diligence measures, but not otherwise captured in response to question 4 or 5.

Existing customers who become high-risk during the relevant period should be included in the response to 6B.

For the firm’s business subject to the Money Laundering Regulations:

7-16 Please provide the number of the firm’s customer relationships located in the following geographical areas:

The location for customer or client relationships should be determined by the location in which the customer or client is based. Where a customer or client has multiple addresses, the location reported should be the primary correspondence address as determined by the firm.

Where the relationship is with a trust, the firm should report the location as the location of the trust.

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.

Except for the United Kingdom and EEA, for the purposes of this question geographical areas should be determined with reference to SUP 16 Annex 42CG.

17 Please provide the number of the firm’s customers linked to those jurisdictions considered by the firm to be high-risk:

The firm should provide the number of customers judged by the firm to have links to jurisdictions identified by it as high-risk in question 3B. Therefore firms who provide customer numbers in response to question 17 should also provide a response to question 3B.

Links to a high-risk jurisdiction, for the purposes of this question, means customers or clients that are resident/domiciled/incorporated in a jurisdiction identified as high-risk by the firm.

18A&B Please provide the number of customer relationships refused or exited for financial crime reasons during the reporting period:

The number of ‘refused’ relationships refers to the number of customers or clients that the firm did not take on, where financial crime was the principal driver behind the decision. This could be at any stage of customer or client take-on.

It would not include customers or clients 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 customers or clients whose application was escalated to management (due to financial crime concerns) for a decision on whether to proceed, and was rejected.

‘Relationships exited’ covers any customers or clients with whom the firm ceased to do business where financial crime was the principal driver behind the decision. This would only include customers or clients exited from all lines of business.

‘Relationships exited’ also covers criminal behaviour by the customer or client where such behaviour has a financial element, e.g. benefits fraud.
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:

19A Submitted internally to the nominated officer/MLRO, within the firm, as at the end of the reporting period.

This includes reports filed internally from staff to the MLRO that relate to the staff member’s concerns, suspicions or knowledge of money laundering. The reported figure should include SARs generated by the AML/compliance function and system-generated SARs. These reports will be considered by the MLRO in order to decide whether a formal submission to the authorities is justified.

The figure should not include (either for staff-generated or system-generated SARs) any reports filtered out at an earlier stage.

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 (including consent SARs) within the reporting period.

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 firm from law enforcement agencies or accredited financial investigators from other bodies as set out in an Order under section 453 of the POCA.

This would include, for example, investigative court orders relating to suspected benefits fraud.

The figure reported for this field should be the number of court orders received, regardless of the number of relationships to which these relate.

21 Please provide the number of investigative court orders received as at the end of the reporting period:

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:

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.

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.

The number of new restraint orders received should include all new restraint orders received by the firm during the reporting period, as at the end of the reporting period.

The figure reported for this field should be the number of restraint orders received, regardless of the number of relationships to which these relate.
Please provide the number of relationships maintained with natural or corporate persons (excluding group members) which introduce business to the firm. Please also provide the number of these relationships which have been exited for financial crime reasons during the reporting period.

This question refers to individuals who, or corporate entities which, directly introduce customers or clients to the firm under a formal agency/broker agreement in return for a direct or indirect fee, commission or other monetary benefit.

If the firm makes no payment to the introducer (e.g. commission) it is not necessary to report these relationships.

Legacy commission payments do not need to be included where these arrangements were made prior to the relevant reporting period.

This question does not concern reliance as defined under Regulation 39 of the Money Laundering Regulations.

If the firm has appointed representatives (ARs):

Please provide the number of appointed representative (AR) relationships exited due to financial crime reasons:

Firms should report the number of existing AR relationships terminated for financial crime reasons during the reporting period.

If the firm has no appointed representatives it should record ‘0’.

For all firms:

As at the end of the reporting period, please provide the total full time equivalent (FTE) of UK staff with financial crime roles:

Firms should provide an FTE figure on a reasonable endeavours basis.

For example, if the firm has 20 part time staff that work 50% of normal hours in a financial crime role, the figure would be 10 FTE.

This figure should cover staff in roles relating to anti-money laundering, counter-terrorist financing, anti-bribery and corruption, and fraud.

This field facilitates the entry of numbers to two decimal places. Integers should therefore be provided in the format [n].00.

If this report is being completed on a group basis this figure should be the FTE 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 FTE spent on each reported entity on a best endeavours basis.

In firms 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.

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.
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
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*). Please provide the primary victim type in the free text box.
Regulated *firm/electronic money 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

<table>
<thead>
<tr>
<th>Europe</th>
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<tbody>
<tr>
<td>Åland Islands</td>
<td>Lithuania</td>
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<td>Svalbard and Jan Mayen islands</td>
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## SUP 16 : Reporting requirements

### Europe

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<td>Holy See (Vatican)</td>
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### Middle East & Africa

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<td>Sao Tome and Principe</td>
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# 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
- Haiti
- South America
- Argentina
- Guyana
- Bolivia
- Paraguay
- Brazil
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- Colombia
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Forms REP015 and REP016
SUP 16 : Reporting requirements

Annex 43A
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:

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>AUA</td>
<td>assets under administration</td>
</tr>
<tr>
<td>DB</td>
<td>defined benefit</td>
</tr>
<tr>
<td>DC</td>
<td>defined contribution</td>
</tr>
<tr>
<td>EBC</td>
<td><em>employee benefit consultant</em></td>
</tr>
<tr>
<td>HMRC</td>
<td>HM Revenue &amp; Customs</td>
</tr>
<tr>
<td>LTA</td>
<td>lifetime allowance</td>
</tr>
<tr>
<td>PCLS</td>
<td>pension commencement lump sum</td>
</tr>
<tr>
<td>PIPs</td>
<td>pension investment plans</td>
</tr>
<tr>
<td>REP015</td>
<td>Retirement income flow data return</td>
</tr>
<tr>
<td>REP016</td>
<td>Retirement income stock and withdrawals flow data return</td>
</tr>
<tr>
<td>SIPP</td>
<td>self-invested personal pension</td>
</tr>
<tr>
<td>TIPs</td>
<td>trustee investment plans</td>
</tr>
<tr>
<td>UFPLS</td>
<td><em>uncrystallised funds pension lump sum</em></td>
</tr>
</tbody>
</table>

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 SIPP schemes) 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 into 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 uncry stallised 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 ANotes 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?

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.

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.

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 uncrystallised funds pension lump sum (UFPLS))? 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.

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
<table>
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<tr>
<th>Question</th>
<th>Description</th>
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<tr>
<td>Q6:</td>
<td>How many defined benefit (DB) to defined contribution (DC) transfers have you completed?</td>
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<tr>
<td>Q7:</td>
<td>What was the total value withdrawn via Pension Commencement Lump Sum (PCLS) for all plans? (£)</td>
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<tr>
<td>Q8:</td>
<td>What was the total number of plans that were fully encashed via small pot lump sums, UFPLS or drawdown?</td>
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<tr>
<td>Q9:</td>
<td>What was the total amount withdrawn this period from the fully encashed plans reported in question 8? (£)</td>
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</table>

**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.
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 uncryrstallised 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 uncryrstallised 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 uncryrstallised and part cryrstallised plans which are in drawdown, but cryrstallise a new portion of their assets in the relevant reporting period, as they are not new entants to drawdown;
- 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 (£).

HM Revenue & Customs (HMRC) under drawdown 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 uncryatalised 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.

<table>
<thead>
<tr>
<th>Q14: What was the total number of plans that entered drawdown during the reporting period by crystallised pot size?</th>
<th>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).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q15 – Q19: Number of plans by plan holder age band and crystallised pot size</td>
<td>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.</td>
</tr>
<tr>
<td>Q20 – Q23: Number of plans by distribution channel and crystallised pot size</td>
<td>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-</td>
</tr>
</tbody>
</table>
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.

Q24: Number of plans by use of advice and crystallised pot size: number that were advised

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.

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)

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.

Q26 – Q28: Number of plans by packaged product options and crystallised pot size

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...
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.

Q29: What was the total number of plans where only a PCLS was taken by crystallised pot size?

Q30: What was the total number of pension annuities purchased during the reporting period by pot size?

Q31 – Q35: Number of pension annuities by plan holder age band and pot size

Q36 – Q39: Number of pension annuities purchased by distribution channel and 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.

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.

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.
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 postcode 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
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:
**SUP 16 : Reporting requirements**

- **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).
<table>
<thead>
<tr>
<th>Q8: What is your total value of uncrystallised assets under administration (AUA) in DC pension plans? (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

### 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.

<table>
<thead>
<tr>
<th>Q10: How many drawdown (capped and flexi) plans do you have where 100% of the funds are crystallised?</th>
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</thead>
<tbody>
<tr>
<td>Report all plans where all the assets are crystallised.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q11: How many drawdown plans do you have where a PCLS has been paid but no income has ever been taken?</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q12: What is the total value of crystallised assets under administration (AUA) in DC pension plans? (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

### Partially crystallised stock data (question 9)

<table>
<thead>
<tr>
<th>Q13: In total how many annuities do you currently have in payment?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Report all plans where all the assets are crystallised.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q14: How many drawdown plans do you have where a PCLS has been paid but no income has ever been taken?</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q15: What is the total value of crystallised assets under administration (AUA) in DC pension plans? (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

### 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.

<table>
<thead>
<tr>
<th>Q16: In total how many annuities do you currently have in payment?</th>
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<tbody>
<tr>
<td>Report all plans where all the assets are crystallised.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q17: How many drawdown plans do you have where a PCLS has been paid but no income has ever been taken?</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q18: What is the total value of crystallised assets under administration (AUA) in DC pension plans? (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>
Q14: What was the total income paid on all your annuities in payment during the reporting period? (£)

Q15: What is the total number of plans where the plan holder made regular withdrawals by drawdown or UFPLS?

Q16: What is the total number of plans where the plan holder made ad hoc partial withdrawals by drawdown or UFPLS?

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 are 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 uncrystralised 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. £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. £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 (£50,000 + £10,000 = £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. £10,000/£100,000.
Employers’ Liability Register compliance return
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

3 Is 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.

3.1 Please 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'.

3.2 How 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.

3.3 How 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

4 Please upload a copy of the director's certificate here in PDF format
[upload functionality]

Auditor's report

5 Does 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
Please 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

<table>
<thead>
<tr>
<th>Group reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nil return</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
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<tr>
<td>4</td>
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<tr>
<td>5</td>
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<td>9</td>
</tr>
<tr>
<td>10</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit and loss account (over reporting period)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>13</td>
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<td>14</td>
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<tr>
<td>15</td>
</tr>
<tr>
<td>16</td>
</tr>
<tr>
<td>17</td>
</tr>
</tbody>
</table>
### Balance sheet (as at end of reporting period)

18. What was the firm’s operating profit from regulated claims management activities?

19. What was the value of the firm’s total assets (fixed and current)?

20. How much cash did the firm hold?

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?

The rest of the questions are only for firms that have permission for one or more of:

- 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.

Professional Indemnity Insurance
35 Does the firm have permission for advice, investigation or representation in relation to a personal injury claim?

36 Did the firm have a professional indemnity insurance policy in place for advice, investigation or representation in relation to a personal injury claim as at the end of the reporting period?

If yes:
(a) Who is the underwriter of the insurance?
(b) What is the policy renewal date?
(c) Have the minimum terms of the policy been reviewed in the last five years?
(d) What is the amount of the limit of indemnity (liability) for any single claim?
(e) What is the amount of the limit of indemnity (liability) for claims in the aggregate over the policy period?
(f) What is the amount of the excess (or deductible) that would be applicable for any one claim?
(g) 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?

Client Money

37 What was the highest balance of client money held by the firm at any point during the reporting period?

38 In relation to the balance reported for question 37, for how many different customers did the firm hold client money?

39 For how many different customers did the firm hold client money for a period longer than two business days?

40 For how many different customers did the firm hold client money for a period longer than five business days?

41 What was the longest period of time for which the firm held client money for a customer?

Product Data

42 What was the average fee charged by the firm, during the reporting period in respect of a claim?

Third-party Lead Generators

43 How many leads did the firm purchase from lead generators during the reporting period?

44 If you have provided a figure in response to the previous question, provide the following details in respect of the three lead generators from which the firm purchased the most leads during this reporting period:

<table>
<thead>
<tr>
<th>Name</th>
<th>Postal address</th>
<th>Email address (e.g. a call centre)?</th>
<th>Does supplier use overseas facilities</th>
<th>Number of leads purchased from supplier over reporting period</th>
<th>Average cost per lead purchased from supplier over reporting period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
### SUP 16 : Reporting requirements

#### Annex 45A requirements

<table>
<thead>
<tr>
<th>Name</th>
<th>Postal address</th>
<th>Email address</th>
<th>Does supplier use overseas facilities (e.g. a call centre)?</th>
<th>Number of leads purchased from supplier over reporting period</th>
<th>Average cost per lead purchased from supplier over reporting period</th>
</tr>
</thead>
</table>

3

How many leads did the firm supply to a third party? (include all the occasions on which the firm passed a customer, or details of a customer or claim, to a third party)

### Product data

How was the firm’s regulated claims management activity divided among the following areas of work?

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Number of claims where lead obtained from lead generator</th>
<th>Number of claims pursued</th>
<th>Number of successful claims</th>
<th>Number of claims 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)</th>
</tr>
</thead>
</table>

45

How many leads did the firm supply to a third party? (include all the occasions on which the firm passed a customer, or details of a customer or claim, to a third party)

### Product data

How was the firm’s regulated claims management activity divided among the following areas of work?

<table>
<thead>
<tr>
<th>Financial services or financial product claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Payment protection insurance</td>
</tr>
<tr>
<td>(b) Packaged bank accounts</td>
</tr>
<tr>
<td>(c) Investments</td>
</tr>
<tr>
<td>(d) Payment card or bank charges</td>
</tr>
<tr>
<td>(e) Mortgages</td>
</tr>
<tr>
<td>(f) Consumer credit</td>
</tr>
<tr>
<td>(g) Pensions, including SERPS</td>
</tr>
<tr>
<td>(h) Interest rate swaps and hedging products</td>
</tr>
<tr>
<td>(i) Other (please specify)</td>
</tr>
</tbody>
</table>

46

### Personal injury claims

<table>
<thead>
<tr>
<th>Personal injury claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Holiday sickness</td>
</tr>
<tr>
<td>(b) Road traffic accidents (excluding whiplash)</td>
</tr>
<tr>
<td>(c) Slips, trips and falls (excluding accidents at work)</td>
</tr>
<tr>
<td>(d) Accidents at work</td>
</tr>
<tr>
<td>(e) Clinical negligence</td>
</tr>
<tr>
<td>(f) Whiplash</td>
</tr>
<tr>
<td>(g) Other (please specify)</td>
</tr>
</tbody>
</table>
### Type of claim and Percentage change

<table>
<thead>
<tr>
<th>Type of claim</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a)</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td></td>
</tr>
</tbody>
</table>
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.

In the form there are two sections. The first section 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). The second section however (from question 35 onwards) is only required from those 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

<table>
<thead>
<tr>
<th>Question</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Do you wish to report a nil return?</td>
</tr>
<tr>
<td>Question</td>
<td>Notes</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Over of the reporting period, how many employees did the <em>firm</em> have on</td>
<td>State how many employees the <em>firm</em> had on average during the reporting period. Include part time workers in this figure as 0.5.</td>
</tr>
<tr>
<td>average?</td>
<td></td>
</tr>
<tr>
<td>How many employees left the <em>firm</em> (for any reason) during the reporting</td>
<td>State the figure for the number of employees who left the <em>firm</em>. Include part time workers in this figure as 0.5.</td>
</tr>
<tr>
<td>period?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> annual employee turnover rate during the reporting</td>
<td>This should be the number of employees who left the <em>firm</em> during the reporting period (item 5) divided by the average number of employees the <em>firm</em> had during the reporting period (item 4), multiplied by 100.</td>
</tr>
<tr>
<td>period?</td>
<td></td>
</tr>
<tr>
<td>What was the total remuneration paid to the <em>firm’s</em> employees over the</td>
<td>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.</td>
</tr>
<tr>
<td>reporting period?</td>
<td></td>
</tr>
<tr>
<td>What was the total amount of variable remuneration paid to the <em>firm’s</em></td>
<td>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.</td>
</tr>
<tr>
<td>employees over the reporting period?</td>
<td></td>
</tr>
<tr>
<td>How does the <em>firm</em> charge fees to its customers?</td>
<td>Please describe all the ways in which the <em>firm</em> charges fees: for example, whether calculated by reference to the amount recovered for the customer 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 claim.</td>
</tr>
<tr>
<td>What was the total annual income for all <em>regulated claims management</em></td>
<td>Refer to the guidance contained in FEES 4 Annex 13G before completing this question. If you undertake other activities this will be a subset of your total income.</td>
</tr>
<tr>
<td>activities, as defined in FEES 4 Annex 11AR for the purposes of FCA fees</td>
<td></td>
</tr>
<tr>
<td>reporting (see guidance in FEES 4 Annex 13G)?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> income from seeking out, referrals and identification</td>
<td>State the revenue from generating leads for, or selling leads to, third parties. If you do not have this permission enter “0”.</td>
</tr>
<tr>
<td>of claims or potential claims?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> income from all <em>regulated claims management</em></td>
<td></td>
</tr>
<tr>
<td>activities?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> income from all <em>regulated activities</em>?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> income from activities which are not <em>regulated</em></td>
<td></td>
</tr>
<tr>
<td>activities?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> total income, including from activities which are</td>
<td>This should be the sum of items 13 and 14.</td>
</tr>
<tr>
<td>not <em>regulated activities</em>?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> expenditure in respect of all <em>regulated claims</em></td>
<td>Include any share of overheads which is allocated to income from <em>regulated claims management activities</em>.</td>
</tr>
<tr>
<td>management activities?</td>
<td></td>
</tr>
<tr>
<td>What was the <em>firm’s</em> expenditure in respect of all <em>regulated claims</em></td>
<td></td>
</tr>
<tr>
<td>management activities (excluding expenditure of the sort listed in CMCOB</td>
<td></td>
</tr>
<tr>
<td>7.2.8R(2)(b))?</td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Notes</td>
</tr>
<tr>
<td>----------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>18</strong> What was the <strong>firm’s</strong> operating profit from regulated claims management activities?</td>
<td>Operating profit is equal to income (item 12) less expenditure (item 16).</td>
</tr>
<tr>
<td>Balance sheet</td>
<td>Questions 19 to 27 are to be answered as at the end of the relevant reporting period.</td>
</tr>
<tr>
<td><strong>19</strong> What was the value of the <strong>firm’s</strong> total assets?</td>
<td>Include all fixed and current assets.</td>
</tr>
<tr>
<td><strong>20</strong> How much cash did the <strong>firm</strong> hold?</td>
<td>This should relate to the whole <strong>firm</strong> but should not include the cash of any consolidated subsidiaries. This should include cash held in a bank account available for instant withdrawal.</td>
</tr>
<tr>
<td><strong>21</strong> What was the value of the <strong>firm’s</strong> other current assets?</td>
<td>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 <strong>firm</strong> (including investments in or receivables from other group entities) but should not include the assets of any consolidated subsidiaries.</td>
</tr>
<tr>
<td><strong>22</strong> How much did the <strong>firm</strong> owe in overdrafts and bank loans due within one year?</td>
<td>Include only the drawn amount of overdrafts.</td>
</tr>
<tr>
<td><strong>23</strong> What was the value of the <strong>firm’s</strong> current liabilities (other than overdrafts and bank loans)?</td>
<td>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 <strong>firm</strong> (including any amounts owed to other group entities) but should not include any consolidated subsidiaries.</td>
</tr>
<tr>
<td><strong>24</strong> What was the value of the <strong>firm’s</strong> total (current and non-current) liabilities?</td>
<td>Non-current liabilities are those falling due more than one year after the date of measurement.</td>
</tr>
<tr>
<td><strong>25</strong> What was value of the <strong>firm’s</strong> current assets less the value of its current liabilities?</td>
<td>This should equal the sum of items 20 and 21 less the sum of items 22 and 23.</td>
</tr>
<tr>
<td><strong>26</strong> What was the value of the <strong>firm’s</strong> total assets less the value of its current liabilities?</td>
<td>This should equal the sum of item 19, less the sum of items 22 and 23.</td>
</tr>
<tr>
<td><strong>27</strong> What level of prudential resources did the <strong>firm</strong> hold at the end of the reporting period (as calculated in CMCOB 7.3)?</td>
<td>CMCOB 7.3 sets out how prudential resources are to be calculated and which forms of capital are eligible for inclusion.</td>
</tr>
<tr>
<td><strong>28</strong> Was the <strong>firm</strong> a Class 1 firm or a Class 2 firm (as defined in CMCOB 7.2.5R) at the end of the reporting period?</td>
<td>CMCOB 7.2.8R sets out how the overheads requirement is to be calculated.</td>
</tr>
<tr>
<td><strong>29</strong> What was the <strong>firm’s</strong> overheads requirement (as calculated in CMCOB 7.2.8R) as at the end of the reporting period?</td>
<td>The sums applicable under CMCOB 7.2.6R and 7.2.7R are £10,000 for a Class 1 firm and £5,000 for a Class 2 firm.</td>
</tr>
<tr>
<td><strong>30</strong> As at the end of the reporting period, was the <strong>firm’s</strong> 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 <strong>firm</strong>?</td>
<td></td>
</tr>
<tr>
<td>Question</td>
<td>Notes</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>31 Did the <em>firm</em> hold <em>client money</em> at any point during the reporting period?</td>
<td>Answer “yes” or “no”. For the purposes of this question, include <em>client money</em> which has been sent out by cheque and is uncleared and/or unbanked.</td>
</tr>
<tr>
<td>32 What was the <em>firm</em>’s prudential resources requirement (as calculated in CMCOB 7.2.6R and 7.2.7R) as at the end of the reporting period?</td>
<td>CMCOB 7.2.6R sets out how the prudential resources requirement is to be calculated for Class 1 firms. CMCOB 7.2.7R sets out how the prudential resources requirement is to be calculated for Class 2 firms.</td>
</tr>
<tr>
<td>33 Did the <em>firm</em> have a prudential surplus or deficit at the end of the reporting period?</td>
<td>A <em>firm</em> with prudential resources in excess of its prudential resources requirement has a prudential surplus. A <em>firm</em> with prudential resources less than its prudential resources requirement has a prudential deficit.</td>
</tr>
<tr>
<td>34 What was the amount of the prudential surplus or deficit at the end of the reporting period?</td>
<td>Enter positive figures only (irrespective of whether the amount was a surplus or deficit.)</td>
</tr>
<tr>
<td>The rest of the questions are only for <em>firms</em> that have permission for advising on a <em>claim</em>, investigating a <em>claim</em>, or representing a <em>claimant</em>.</td>
<td>All the questions below relate to advising on a <em>claim</em>, investigating a <em>claim</em>, or representing a <em>claimant</em> and should not include data for any other regulated claims management activity.</td>
</tr>
<tr>
<td>35 Does the <em>firm</em> have permission for advice, investigation or representation in relation to a personal injury claim?</td>
<td>Answer “yes” or “no”. Having these permissions in respect of personal injury claims triggers a requirement to hold professional indemnity insurance.</td>
</tr>
<tr>
<td>36 Did the <em>firm</em> have a professional indemnity insurance policy in place for advice, investigation or representation in relation to a personal injury claim at the end of the reporting period?</td>
<td>Answer “yes” or “no”.</td>
</tr>
<tr>
<td>If yes:</td>
<td></td>
</tr>
<tr>
<td>(a) Who is the underwriter of the insurance?</td>
<td>State the underwriter’s name.</td>
</tr>
<tr>
<td>(b) What is the policy renewal date?</td>
<td>Provide the end date of the policy in the format dd/mm/yyyy.</td>
</tr>
<tr>
<td>(c) Have the minimum terms of the policy been reviewed in the last five years?</td>
<td></td>
</tr>
<tr>
<td>(d) What is the amount of the limit of indemnity (liability) for any single claim?</td>
<td>If the policy applies different indemnity limits to different insured events, enter the lowest applicable limit.</td>
</tr>
<tr>
<td>(e) What is the amount of the limit of indemnity (liability) for claims in the aggregate over the policy period?</td>
<td></td>
</tr>
<tr>
<td>(f) What is the amount of the excess (or deductible) that would be applicable for any one claim?</td>
<td></td>
</tr>
<tr>
<td>(g) Has the identity of the insurance provider or the terms and conditions of the insurance policy changed from the content of the last Annual</td>
<td>Answer “yes” or “no”.</td>
</tr>
<tr>
<td>Question</td>
<td>Notes</td>
</tr>
<tr>
<td>----------</td>
<td>-------</td>
</tr>
<tr>
<td>37</td>
<td>What was the highest balance of client money held by the firm at any point during the reporting period? Report rounded to the nearest pound.</td>
</tr>
<tr>
<td>38</td>
<td>In relation to the balance reported for question 37, for how many different customers did the firm hold client money? Report the number of customers to whom the balance reported for question 37 relates.</td>
</tr>
<tr>
<td>39</td>
<td>For how many different customers did the firm hold client money for a period longer than two business days? Report the total number of customers for whom the firm held client money for longer than two business days.</td>
</tr>
<tr>
<td>40</td>
<td>For how many different customers did the firm hold client money for a period longer than five business days? Exclude (for question 40 reporting purposes only) any customers to which the firm has sent a cheque or other payable order which is uncleared and/or unbanked. For the avoidance of doubt, a firm must continue to treat this money as client money until the cheque or order is presented and paid by the bank.</td>
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<tr>
<td>41</td>
<td>What was the longest period of time for which the firm held client money for a customer? Report in days.</td>
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<tr>
<td>42</td>
<td>What was the average fee charged by the firm, during the reporting period in respect of a claim? Include in the average only claims where a fee was charged.</td>
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<tr>
<td>43</td>
<td>How many leads did the firm purchase from lead generators during the reporting period? State “None” or provide a positive figure.</td>
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<tr>
<td>44</td>
<td>If you have provided a figure in response to the previous question, provide the following details in respect of the three lead generators from which the firm purchased the most leads during this reporting period: Provide all the information requested in each column.</td>
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<td>45</td>
<td>How many leads did the firm supply to a third party? (include all the occasions on which the firm passed a customer, or details of a customer or claim, to a third party)</td>
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<tr>
<td>46-51</td>
<td>How was the firm’s regulated claims management activity divided among the following areas of work? Provide the following figures for each area of work. For financial services and products claims and personal injury claims show how this work is split between different subcategories. When reporting “other”, complete the free text box to indicate what the figures relate to. Enter the total income earned from this type of work during the reporting period. Enter the number of claims where the customer was obtained from a lead purchased from a lead generator.</td>
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<tr>
<td>Question</td>
<td>Notes</td>
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<tr>
<td>Number of claims pursued</td>
<td>Enter the number of claims in respect of which an agreement was reached with the customer for the firm to investigate, advise or represent.</td>
</tr>
<tr>
<td>Number of successful claims</td>
<td>Enter the number of claims which resulted in a payment or other remedy for the customer. Include claims settled on such terms.</td>
</tr>
<tr>
<td>Number of claims halted or not taken forward because: no good arguable base, suspected fraud, or being frivolous or vexatious</td>
<td>Enter the number of claims which the firm 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.</td>
</tr>
<tr>
<td>Of the above types of claim, which three saw the largest percentage change in number of successful claims?</td>
<td>Percentage change is the increase or decrease in the number of successful claims concluded during the reporting period compared to the number in the equivalent period ending 12 months earlier. Enter the name of the type of claim and the percentage change. For financial services or financial product claims and personal injury claims, enter the more detailed claim category (e.g. Whiplash).</td>
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</table>
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) EBA Regulator Technical Standards on Strong Customer Authentication and Common and Secure Communication (“the 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 article 66(4)(b) of PSD2 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 article 65(3) of PSD2 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**

<table>
<thead>
<tr>
<th>Quarterly statistics on availability and performance of dedicated interfaces</th>
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</thead>
<tbody>
<tr>
<td>1A – Do you wish to make a nil return?</td>
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<tr>
<td>2A – Interface Name/Id</td>
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<thead>
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<th>Availability statistics</th>
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<tr>
<td>2B – Interface type</td>
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<td>2C – Has exemption been granted for dedicated interface?</td>
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<td>2D – Uptime (%)</td>
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</table>
## Performance statistics

### Payment Services User (PSU) interface

2E – Downtime (%)  
ASPSPs should report the downtime of the interface as a percentage in accordance with the calculation method at GL 2.4(b) EBA Guidelines for each day in the reporting period (up to 92 days where applicable). Percentage figure should be provided to two decimal places.

### Dedicated interface

2F – response User (millisecs)  
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.

2G – AISP response (millisecs)  
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 article 66(4)(b) of PSD2 and article 36(1)(b) of the SCA RTS.

2H – PISP response (millisecs)  
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 SCA RTS.

2I – CBPII/PISP yes/no response (millisecs)  
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 article 65(3) of PSD2 and article 36(1)(c) of the RTS.

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, AISP and CBPIIs in accordance with article 36(2) of the RTS per day, divided by the number of requests received by the ASPSP from AISP, PISPs and CBPIIs in the same day. Percentage figure should be provided to two decimal places.
**Directory persons report**

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<thead>
<tr>
<th>(1) Date information reported:</th>
<th>(2) Confirm information being reported is accurate and complete</th>
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<tbody>
<tr>
<td>(3) Passport number, for any Director person who does not have an NI Number or for whom a passport number, and not an NI</td>
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<td>(4) Customer engagement method (on-line, by telephone/post correspondence, etc.) for member of any member ship for any person</td>
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<td>(5) Activities which the Directory person carries on and for which they hold the relevant qualifications</td>
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<td>(16) Activities which the Directory person carries on and for which they hold the relevant qualifications</td>
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**Individual Reference Number (IRN) handed over**

- Date of birth
- First name (if known)
- Last name
- Date started role
- Date ended role
- Relevant roles currently held

[FCA CF] (1) Cass overflow.

2. Giving personal
### SUP 16: Reporting

#### Annex 47AR

**Requirements**

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<td>Passport number, for any Director person who does not have an NI Number or for whom a passport number, and not an NI Individual Reference number, National Precedence number (IRN) which has been provided of First name (if Last name known) date of birth date of record of Qualifications role and relevant which they hold the Qualifications related to to the Relevant role...</td>
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<td>Customer engagement methodology (on-place evidence, local attendance) accep- tion(s) all face coverage to de(s) body face) for mem- ory of any ber- fered Directorship by extent for anybery any Director per- son ectory who ory per- son als son who with whom de- cus- de- als tomers als with face with cus- to customers face to tomers and and re- re- re- quires quires quires a a quali- quali- qua- fication fication fication tion to to to do do do so so so</td>
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<td>Activities which the Directory person carries on and for which they hold the relevant qualifications</td>
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<td>4. Giving personal recommendations on retail investment products which are not</td>
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<td><strong>Passport number, for any Director or person who does not have an NI Number or for whom a passport number, and not an NI Individual, National Reference number</strong></td>
<td><strong>Customer engagement method(ork)</strong></td>
<td>** directly engaged in the place of any customer or by any customer on the customer’s phone or the customer’s address, for the customer’s face**</td>
<td><strong>Activities which the Directory requires in respect of the individual, of whom they hold the relevant qualifications</strong></td>
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<td>Date started role</td>
<td>Date role ended</td>
<td>Relevant qualifications</td>
<td>Broker funds</td>
<td>6. Giving personal recommendations on Friendly Society tax-exempt policies (other than Holloway sickness policies)</td>
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7. Giving personal recom-  
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8. Giving personal recommendations on investments in the course of corporate
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<tr>
<td>Passport number, for any director or person whom a passport number, and not an NI number, has previously provided a number (IRN) of birth</td>
<td>Individual reference number, National Insurance number and or any other number</td>
<td>Name of first and last names (if known)</td>
<td>Date of birth</td>
<td>Date of start role</td>
<td>Date of end role</td>
<td>Relevance of qualifications</td>
<td>Financier, business</td>
<td>[FCA CF] (7)</td>
<td>Material risk taker</td>
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<td>Algorithmic trading adviser</td>
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<td>person who does not have an NI Number or for whom a passport number, and not an NI number,</td>
<td>Individual number, National Insurance Number,</td>
<td>Name</td>
<td>Date of birth (if known)</td>
<td>Middle names</td>
<td>Date started role</td>
<td>Date ended role</td>
<td>Relevant qualifications</td>
<td>Material risk taker</td>
<td>Pensions transfer specialist</td>
<td>[PRA CF] Key function holder</td>
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**CF** Pen- |
Mat- |
terial risk taker |
CF** Key function holder |

**PRA** 12 Giving personal recommendations on and dealing in securities which are not stakeholder pension |

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**www.handbook.fca.org.uk**
Passport number, for any Director or person whom a passport number, and not an NI number, National Reference number (NI) of First name (if known) Last name Date of birth Middle names Previously provided number or Date of issue: (IRN): Date Date Relevant schemes, personal pension schemes or broker funds

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Activities which the Directory person carries on and for which they hold the relevant qualifications

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SUP 16 : Reporting
requirements

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Annex 47AR

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SUP 16 Annex 47AR/10

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Managing
investments

Sole
trader
dealing
with
clients
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which
they
require
a

15. Operating
a collective
investment
scheme
or undertaking the

www.handbook.fca.org.uk

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(16)

Customer
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● Sep 2019


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<td>Passport number, for any Director or person who does not have an NI Number or for whom a passport number and not an NI Number has previously been provided</td>
<td>Customer engagement methodology (on-place evaluation, local telephone(s) contact, post credit face to face), for members of any body covered by extent for any ordinary Director or person, for whom the Directory requires qualities</td>
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<td>Individually, has National Reference Number, previously used in the National Insurance Number (IRN) provided</td>
<td>Activities which the Directory person carries on and for which they hold the relevant qualifications</td>
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<td>Number of date of birth (if known)</td>
<td>Relevant qualification of a trustee or depositary of a collective investment scheme</td>
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<td>Appointed representative dealing with clients for which they held the qualifications</td>
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**Activities which the Directory person carries on**
- Advising on investment schemes
- Acting as a trustee
- Dealing with clients
- Performing other activities

**Relevant qualifications**
- Investment management
- Insurance
- Financial planning
- Taxation
- Legal advice
- Other related activities
SUP 16 : Reporting
requirements

(3)

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Annex 47AR

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Passport
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Customer
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17. Administrative
functions in
relation to
managing
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18 Administrative
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SUP 16 Annex 47AR/12

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19. Administrative functions in relation to the operation of insurance contracts which are life policies.
### SUP 16 : Reporting requirements

#### Annex 47AR requirements

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<tr>
<td>Pass-port number, for any Director- ory person who does not have an NI Number or for whom a passport number, and not an NI Individual number, Name, Personal Reference number, National Insurance Number (IRN)</td>
<td>Customer engagement method(ork)</td>
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<td>Activities which the Directory person carries on and for which they hold the relevant qualifications</td>
<td>of stake- holder pen- sion schemes</td>
<td>20. Ad- vising or ar- ran- ging (bringing about) regulated mortgage con- tracts for a non-busi-</td>
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|-----|-----|-----|-----|-----|-----|-----|------|------|------|------|------|------|------|
| Passport number, for any Director or for person whom a passport number, and not an NI number,| Customer engagement method(s) for recorded mortgage contracts for a business purpose |
| Cus- tomer engagement method(s) on-place evaluation of any body of activity(s) for member of any beneficiary. |
| Pos- sessed or held face to face | with whom the Directory requires qualifications to hold the relevant qualifications. |
| Ref- erence number | Date of birth | Middle names | Date date | Relevant roles currently held |
| Individual number, | Na- tional | | | |
| Number (IRN) | | | | |
| Number (NI) of First name | Known | | | |
| First name | Known | | | |
| Only sales of regulated mortgage contracts for a non-business purpose. |

22. Designing scripted questions for execution—only sales of...
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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 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”.

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(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 Institute of Bankers in Scotland (CIOBS); The Chartered Insurance Institute (CII); The London Institute of Banking and Finance (LIBF); and The Pensions Management Institute. 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.
Chapter 17

Transaction reporting
[deleted]
Chapter 17A

Transaction reporting and supply of reference data
17A.1 Application

17A.1.1 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 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 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 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 A firm in [SUP 17A.1.1.R(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 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.
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.

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.

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
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:

(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


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.

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.

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.

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.
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.

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 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

(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

(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  In exercising its functions under the Act, each regulator will, so far as is reasonably possible, act in a way which is compatible with, and most appropriate for advancing, its statutory objectives as set out in the Act and will have regard to the regulatory principles in section 3B of the Act.

18.2.2  [deleted]

18.2.3  [deleted]

18.2.4  [deleted]

18.2.5  Transfers may have both positive and negative effects on individual consumers. A key concern in this regard for each regulator will be to be satisfied that each consumer 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  [deleted]

18.2.7  [deleted]

18.2.8  [deleted]

18.2.9  [deleted]

18.2.10  [deleted]

18.2.11  [deleted]

**Procedure: initial steps**

When an insurance business transfer scheme is being considered, the scheme promoters should discuss the scheme with the appropriate regulator 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.

(1) [deleted]

(2) [deleted]

(3) [deleted]

(4) [deleted]

(5) [deleted]
18.2.13 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 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 The promoters should ensure that any relevant fees are paid before any application will be considered.

18.2.15 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 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 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 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

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.

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.

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.

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.

*Firms* should co-operate fully with the *independent expert* and provide him with access to all relevant information and appropriate staff.
Consultation with EEA regulators and/or other foreign regulators

18.2.23A G Under the terms of the Memorandum of Understanding, the PRA will lead when carrying out consultation with EEA regulators and/or other foreign regulators.

18.2.24 G The guidance set out in ▰ SUP 18.2.25 G to ▰ SUP 18.2.30 G derives from the requirements of the Solvency II Directive and the associated agreements between EEA regulators. Schedule 12 of the Act implements some of these requirements.

18.2.25 G (1) If the transferee is (or will be) an EEA firm (authorised in its Home State to carry on insurance business under the Solvency II Directive) or a Swiss general insurance company, then the appropriate regulator has to consult the transferee’s Home State regulator, who has 3 months to respond. It will be necessary for the appropriate regulator to obtain from the transferee’s Home State regulator a certificate confirming that the transferee will meet the Home State’s solvency margin requirements (if any) after the transfer.

(1A) If the transferee is (or will be) an EEA firm (authorised in its Home State to carry on insurance business under the Reinsurance Directive) it will be necessary for the appropriate regulator to obtain from the transferee’s Home State regulator a certificate confirming that the transferee will meet the Home State’s solvency margin requirements (if any) after the transfer.

(2) If the transferee is authorised in the United Kingdom, the appropriate regulator will need to certify that the transferee will meet its solvency margin requirements after the transfer. If the appropriate regulator has required of a UK firm a “recovery plan” of the kind mentioned in the PRA Rulebook: Solvency II firms: Undertakings in Difficulty, the appropriate regulator will not issue a certificate for so long as it considers that policyholders’ rights are threatened within the meaning of these paragraphs.

18.2.26 G The transferor will need to provide the appropriate regulator with the information that the Home State regulator requires from the appropriate regulator. This information includes:

(1) the transfer agreement or a draft, with:
   (a) the names and addresses of the transferor and transferee; and
   (b) the classes of insurance business and details of the nature of the risks or commitments to be transferred;

(2) for the business to be transferred (both before and after reinsurance):
   (a) the amount of technical provisions;
   (b) the amount of premiums (in the most recent financial period); and
   (c) for general insurance business, the claims incurred (in the most recent financial period);
(3) details of assets to be transferred;

(4) details of any guarantees (including reinsurance arrangements), whether provided by the transferor or a third party, to protect the provisions for the business transferred against deterioration; and

(5) the states of the risks or the states of the commitments of the business being transferred.

18.2.27 If the transferee is not (and will not be) authorised and will be neither an EEA firm nor a Swiss general insurance company, then the appropriate regulator will need to consult the transferee's insurance supervisor in the place where the business is to be transferred. The appropriate regulator will need confirmation from this supervisor that the transferee will meet his solvency margin requirements there (if any) after the transfer.

18.2.28 If the transferor is a UK insurer (other than a pure reinsurer) and the business to be transferred includes business carried on from a branch in another EEA State, then the appropriate regulator has to consult the Host State regulator, who has 3 months to respond. The appropriate regulator will need to be given the information that the Host State regulator requires from it. This information should identify the parties to the transfer and include the transfer agreement or draft transfer agreement or a summary containing relevant information, and describe arrangements for settling claims if the branch is to be closed.

18.2.29 If the transferor is a UK insurer and the business to be transferred includes a long-term insurance contract (other than reinsurance) for which the state of the commitment is an EEA state other than the United Kingdom, then the appropriate regulator has to consult the Host State regulator. If the transferor is a UK insurer and the business to be transferred includes a general insurance contract (other than reinsurance) for which the state of the risk is an EEA state other than the United Kingdom, then the appropriate regulator must consult the Host State regulator. The appropriate regulator will need to be given the information that the Host State regulator requires from it. This information should identify the parties to the transfer and include the transfer agreement or draft transfer agreement or a summary containing relevant information. It would be helpful (especially for long-term insurance business) if a draft of the scheme report was also available. The appropriate regulator will also need to have sufficient information about the business proposed to be transferred to be satisfied that the applicants have undertaken sufficient steps to identify the state of the risk or the state of the commitment, as the case may be. The consent of the Host State regulator to the transfer is required, unless he does not respond within 3 months.

18.2.30 Where the transferor is a UK-deposit insurer and, following the transfer, it will no longer be carrying on insurance business in the United Kingdom, the appropriate regulator will need to collaborate with regulatory bodies in the other EEA States in which it is carrying on business to ensure that effective supervision of the business carried on in the EEA continues. The transferor should cooperate with the appropriate regulator and the other regulatory
bodies in this process and demonstrate that it will meet the requirements of its regulators following the transfer.

**Form of scheme report**

**18.2.31**

Under section 109 of the Act, a scheme report must accompany an application to the court to approve an insurance business transfer scheme. This report must be made in a form approved by the appropriate regulator. The appropriate regulator 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**

When the appropriate regulator has approved the form of a scheme report, the scheme promoter may expect to receive written confirmation to that effect from that regulator.

**18.2.32**

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**

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.

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.

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.

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.

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.

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.

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.

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.

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

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 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 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 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 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 (including additional advertising or, where appropriate, electronic communication).

18.2.47 As the consent (or presumed consent) of the Host State is required for a transfer covering contracts for which another EEA State is the state of the risk (for general insurance business) or the state of the commitment (for long-term insurance business), it is advisable to obtain the consent of regulatory body in the Host State to any waiver of publication in that state. The approval of the court will still be required.

Statement to policyholders

18.2.48 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 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 The regulators should be given the opportunity to comment on the statement referred to in SUP 18.2.48 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 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.

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.

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.

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.

Either regulator may exercise its other powers under the Act, if it considers
this a more effective method of advancing its statutory objectives.

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.

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.
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**.

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.

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.

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.

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.

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**;


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.

(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 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 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 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 [deleted]

18.2.58A 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 [deleted]

18.2.59A [deleted]

18.2.59B 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 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 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 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 [deleted]

18.2.61 Under section 114 of the Act the court must direct that notice of the transfer be published by the transferee in any EEA State other than the United Kingdom which is the state of the commitment or the state of the risk as regards any policy included in the transfer which evidences a contract of insurance (other than a contract of reinsurance). The regulators would expect the transferee to publish notice in at least one national newspaper in each relevant EEA State. Such publication should include the notification of the transfer to the policyholders in the state of the commitment or the state of the risk. The parties should also be mindful of relevant provisions of the
national laws of the relevant state of the commitment or the state of the risk.

18.2.62 Under section 114A of the Act the court may direct that notice of a transfer be published by the transferee in any EEA State which is the state of the commitment or the state of the risk as regards any policy included in the transfer which evidences a contract of reinsurance.
18.3 Insurance business transfers outside the United Kingdom

Purpose

18.3.1 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 firm authorised in another EEA State or 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 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 Under cooperation agreements between EEA regulators, if it has serious concerns about the proposed transferee, the appropriate regulator should inform the regulatory body of the transferor within 3 months of the original request from that regulatory body. The appropriate regulator is not obliged to reply, but if it does not, its opinion is taken to be favourable. Although the protocol does not apply to Switzerland, the appropriate regulator is required to cooperate with the Swiss regulatory body and would apply similar principles to a proposed transfer from a Swiss general insurance company.

18.3.3 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 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 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 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 EEA 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.
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.

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.

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.

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 an EEA firm or a Swiss general insurance company, then confirmation will be needed from its Home State regulator that it meets the Home State's solvency margin requirements (see § SUP 18.4.25 G (3)).

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 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 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 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 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 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.
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.

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.

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.

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.

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.

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.

SUP 18 Annex 1 provides an example of the information for members required by Schedule 15.

Confirmation procedures and criteria

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 For a directive friendly society, if the transfer or amalgamation includes policies where the state of the risk or the state of the commitment is an EEA State other than the United Kingdom, consultation with the Host State regulator is required and 18.2.25 to 18.2.29 apply (for an amalgamation they apply as if the business of the amalgamating societies is to be transferred to the successor society). Paragraph 6(1) of Schedule 15 to the Friendly Societies Act 1992 requires publication of the application to the appropriate authority for confirmation of an amalgamation or transfer and the appropriate authority may require the notice of the application to be published in two national newspapers in the Host State.

18.4.25 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 18.4.12 and 18.4.27);  

(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) for a directive friendly society where a transfer includes policies where the state of the risk or the state of the commitment is an EEA State other than the United Kingdom, the Host State regulator has been notified of the transfer and has consented or has not refused consent to the transfer; and

(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 or an EEA firm, this is evidenced by a certificate from its home state regulator).

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.

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

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.

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.

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 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 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 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 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 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.

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.

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-__

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Society A</th>
<th>Society B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and buildings (4)</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Government securities</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Equities</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Other investments (6)</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Other assets</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>_____</td>
<td>_____</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>Society A</th>
<th>Society B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit funds [technical provisions] (7)</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>[Management fund]</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Other liabilities and provisions</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Reserve funds [Reserves] (8)</td>
<td>_____</td>
<td>_____</td>
</tr>
</tbody>
</table>

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)
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(7)</td>
<td>Benefit Funds [Technical Provisions] comprise: (include statement of any differences in accounting policies and where material any estimated financial effects)</td>
</tr>
<tr>
<td>(8)</td>
<td>Reserve Funds [Reserves] comprise:</td>
</tr>
<tr>
<td>(9)</td>
<td>The membership at [ ] and premium income received during [ ] for each [participant] were:</td>
</tr>
<tr>
<td>(10)</td>
<td>Brief summary of the financial position of each [participant] as shown in the last actuarial investigation:</td>
</tr>
<tr>
<td>(11)</td>
<td>Summary of independent actuary’s report under [section 88] of the Friendly Societies Act 1992:</td>
</tr>
<tr>
<td>(12)</td>
<td>The interests of committee members of the [participants] in the transfer [amalgamation] are:</td>
</tr>
<tr>
<td>(13)</td>
<td>Proposed compensation to be paid to committee members and/or to other officers is:</td>
</tr>
<tr>
<td>(14)</td>
<td>The terms of the transfer [amalgamation] are:</td>
</tr>
</tbody>
</table>
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 ■ 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 ■ 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 ■ 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 ■ 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 Subject to SUP App 2.1.6, SUP App 2.1 to 2.15 apply to an insurer, unless it is:

(1) a Swiss general insurer; or
(2) an EEA-deposit insurer; or
(3) an incoming EEA firm; or
(4) an incoming Treaty firm.

App2.1.2 SUP App 2.1 to 2.15 apply to every friendly society that is an insurer.

App2.1.4 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 SUP App 2.7.1 G is made by the FCA for the purpose of its application to dormant account fund operators, rather than insurers.

App2.1.6 [deleted]

App2.1.7 The rules for Solvency II firms in difficulty or in an irregular situation are in the PRA Rulebook: Solvency II Firms: Undertakings in Difficulty.

2.3 Purpose
2.7 Capital resources below the level of individual capital guidance

For a dormant fund account 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.

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.

2.8 Ceasing to effect contracts of insurance

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.

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 [deleted]

2.10 Grant or variation of permission

App2.10.1 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 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

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

App2.14A.1 [§ SUP App 2.14A applies to a *firm* carrying on *with-profits business*.]
**App2.14A.2** 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** 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** 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
Run-off plans for closed with-profits funds

Funding

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

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

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

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 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 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

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 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 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>
<thead>
<tr>
<th>Table 1 - forecast summary revenue account for the relevant with-profits fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
</tr>
<tr>
<td>(2)</td>
</tr>
<tr>
<td>(3)</td>
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<tr>
<td>(4)</td>
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<td>(5)</td>
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<td>(6)</td>
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<tr>
<td>(7)</td>
</tr>
<tr>
<td>(8)</td>
</tr>
</tbody>
</table>
Table 2 - forecast summary balance sheet and statement of solvency for the relevant with-profits fund

<table>
<thead>
<tr>
<th>Assets analysed by type (excluding implicit items):</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Equities</td>
</tr>
<tr>
<td>(2) Land and buildings</td>
</tr>
<tr>
<td>(3) Fixed interest investments</td>
</tr>
<tr>
<td>(4) All other assets</td>
</tr>
<tr>
<td>(5) Total assets (excluding implicit items)</td>
</tr>
<tr>
<td>(6) Policyholder liabilities</td>
</tr>
<tr>
<td>(7) Other liabilities</td>
</tr>
<tr>
<td>(8) Total liabilities</td>
</tr>
<tr>
<td>(9) Excess/(deficiency) of assets over liabilities before implicit items</td>
</tr>
<tr>
<td>(10) Implicit items allocated to the with-profits fund</td>
</tr>
<tr>
<td>(11) Long-term insurance capital requirement for the with-profits fund</td>
</tr>
<tr>
<td>(12) Resilience capital requirement for the with-profits fund</td>
</tr>
<tr>
<td>(13) [deleted]</td>
</tr>
<tr>
<td>(14) Net excess/(deficiency) of assets in the with-profits fund</td>
</tr>
</tbody>
</table>

Table 3 - forecast summary balance sheet and statement of solvency for the firm

| L1 Surplus long-term insurance assets, with-profit fund(s) |
| L2 Surplus long-term insurance assets, non-profit fund(s) |
| L3 Total long-term insurance assets | L1+L2 |
| L4 Total long-term insurance liabilities (excluding resilience capital requirement) |
| L5 Total long-term insurance fund surplus | L3-L4 |
| L6 Shareholder fund assets |
| L7 Implicit items |
| L8 Long-term insurance capital requirement |
| L9 Excess of regulatory assets over long-term insurance capital requirement | L5+L6+L7-L8 |
| L10 [deleted] |
| L11 Resilience capital requirement |
| L12 Net excess assets | L9-L10-L11 |
| L13 FTSE level at which the long-term insurance capital requirement would be breached |

App2.15.10

App2.15.11 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** 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.

**App2.15.13** 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** 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** 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.)
3.1 Application

This appendix applies to all firms when carrying on a passported activity, except for a firm which is only carrying on a passported activity under the auction regulation.

3.2 Purpose

The purpose of this appendix is to give guidance:

1. to UK firms on some of the issues that arise when carrying on passported activities (see ■ SUP App 3.5and ■ SUP App 3.6);

2. to all firms on the relationship between regulated activities and activities passported under the Single Market Directives (see ■ SUP App 3.9and ■ SUP App 3.10).

3.3 Background

The Treaty on the Functioning of the European Union

(1) The Treaty establishes in EU law the rights of freedom of establishment and freedom to provide services in the EU.
(2) The Treaty lays down central principles governing the legal framework for freedom of establishment and the free movement of services in the EU. There are, however, a number of areas where the legal position is not clear. This includes, for example, identifying whether a service is provided through an establishment, where the issues involved are complex. Therefore, this Appendix is intended to provide guidance but cannot be regarded as comprehensive. Ultimately, the construction of the Treaty and relevant Directive provisions is a matter for the European Court of Justice.

App 3.3.2 The Treaty provides the framework for the provision of banking, insurance business, investment business, UCITS management services and insurance mediation, while the Single Market Directives clarify the rights and freedoms within that framework.

EU and EEA

App 3.3.3 The agreement on the European Economic Area, signed at Oporto on 2 May 1992, extends certain EU legislation to those EEA States that are not Member States of the EU.

Interpretative communications

App 3.3.4 In 1997, the European Commission published an interpretative communication (Freedom to provide services and the interests of the general good in the Second Banking Directive (97/C 209/04)) (the text of this directive and the First Banking Directive is now consolidated in the Banking Consolidation Directive). The European Commission's objective in publishing this communication was to explain and clarify the EU rules. The European Commission deemed it desirable "to restate in a Communication the principles laid down by the Court of Justice and to set out its position regarding the application of these Principles to the specific problems raised by the Second Banking Directive".

App 3.3.5 In 2000, the European Commission published a further interpretative communication (Freedom to provide services and the general good in the insurance sector (2000/C43/03)). This allowed the European Commission to publicise its own interpretation of the rules on the freedom to provide services.

App 3.3.6 (1) The European Commission has not produced an interpretative communication on MiFID. It is arguable, however, that the principles in the communication on the Second Banking Directive can be applied to investment services and activities. This is because Chapter II of Title II of MiFID (containing provisions relating to operating conditions for investment firms) also applies to the investment services and activities of firms operating under the Banking Consolidation Directive, which is repealed and replaced by the CRD.

(2) The European Commission has not produced an interpretative communication on the IDD, AIFMD, the MCD or the UCITS Directive.

App 3.3.7 In giving its views, communications made by the European Commission have the status of guidance and are not binding on the national courts of EEA States. This is because it is the European Court of Justice that has ultimate responsibility for
interpreting the Treaty and secondary legislation. Accordingly, the communications “do not prejudge the interpretation that the Court of Justice ..., which is responsible in the final instance for interpreting the Treaty and secondary legislation, might place on the matter at issue.” (European Commission interpretative communication: Freedom to provide services and the general good in the insurance sector (C(99) 5046). However, the Courts may take account of European Commission communications when interpreting the Treaty and secondary legislation.

App3.3.8 Firms should also note that European Commission communications do not necessarily represent the views taken by all EEA States.

**E-Commerce**

App3.3.9 The E-Commerce Directive covers services provided at a distance by means of electronic equipment for the processing (including digital compression) and storage of data. The services would normally be provided in return for remuneration and must be provided at the individual request of a recipient (see recital 17 of the E-Commerce Directive). The Directive implements the country of origin approach to regulation. This approach makes firms subject to the conduct of business requirements of the EEA State from which the service is provided. This is subject to certain derogations (see SUP App 3.3.11).

App3.3.10 The E-Commerce Directive does not affect the responsibilities of Home State under the Single Market Directives. This includes the obligation of a Home State regulator to notify the Host State regulator of a firm’s intention to establish a branch in, or provide cross border services into, the other EEA State.

App3.3.11 There are, however, general derogations from the internal market provisions under article 3(3) of the E-Commerce Directive. The derogations include consumer contracts, the permissibility of unsolicited e-mail and certain insurance services (both life and non-life). Where these derogations apply, the EEA States in which the recipients of the service are based may continue to be able to impose their own requirements.

App3.3.12 [deleted]

**Notification of establishing a branch or of providing cross border services**

App3.3.13 The Single Market Directives require credit institutions, insurance undertakings (other than reinsurance undertakings), MiFID investment firms, AIFMs, UCITS management companies, insurance intermediaries and MCD credit intermediaries to make a notification to the Home State before establishing a branch or providing cross border services.

SUP 13.5 (Notices of intention) sets out the notification requirements for a firm seeking to establish a branch or provide cross border services. As firms will note, the decision whether a passport notification needs to be made will be a matter of interpretation. The onus is on firms to comply with the requirements of the Act and, where relevant, the laws of other EEA States. So, in cases of doubt, firms should obtain their own legal advice on the specific issues involved.
Blanket notification is the practice of the Home State regulator notifying all Host State regulators in respect of all activities regardless of any genuine intention to carry on the activity. This practice is discouraged by the FCA and PRA. However, a firm may be carrying on activities in the United Kingdom or elsewhere in a way that necessarily gives rise to a real possibility of the provision of services in other EEA States. In such cases, the firm should consider with its advisers whether it should notify the relevant authorities and include that possibility in its business plan.

3.6 Freedom to provide services

Article 56 (Services) of the Treaty grants to EEA nationals established in one EEA State the freedom to provide cross border services to other EEA States.

How services may be provided

Under the Treaty, the freedom to provide services within the EC may be exercised in three broad ways:

1. where the provider of a service moves temporarily to another EEA State in order to provide the service;

2. where the service is provided without either the provider or the recipient moving (in this situation the provision, and receipt, of the service may take place by post, telephone or fax, through computer terminals or by other means of remote control);

3. where the recipient of a service moves temporarily to another EEA State in order to receive (or, perhaps, commission the receipt of) the service within that State.

Under the Single Market Directives, however, EEA rights for the provision of services are concerned only with services provided in one of the ways referred to in Article 56 and (2) (How services may be provided).

Place of supply

In the opinion of the European Commission (and in the wording of the Single Market Directives) “only activities carried on within the territory of another Member State should be the subject of prior notification” (Commission interpretative communication: Freedom to provide services and the interests of the general good in the Second Banking Directive (97/C 209/04)). In determining, for the purposes of notification, whether a service is to be provided ‘within’ another EEA State, it is necessary to determine the place of supply of the service.
An insurance undertaking that effects contracts of insurance covering risks or commitments situated in another EEA State should comply with the notification procedures for the provision of services within that EEA State. The location of risks and commitments is found by reference to the rules set out in paragraph 6 of schedule 12 to the Act, which derive from article 13(13) and (14) of the Solvency II Directive. It may be appropriate for insurers to take legal advice as to how these rules are interpreted and applied in other EEA States. The need to passport may arise because of only one of the risks covered by an insurance policy. This includes, for example, where a policy covers a number of property risks and one of those properties is in another EEA State.

In respect of banking services, the European Commission believes that "...to determine where the activity was carried on, the place of provision of what may be termed the 'characteristic performance' of the service i.e. the essential supply for which payment is due, must be determined" (Commission interpretative communication: Freedom to provide services and the interests of the general good in the Second Banking Directive (97/C 209/04)). In the view of the FCA, this requires consideration of where the service is carried out in practice.

The FCA is of the opinion that UK firms that are credit institutions and MiFID investment firms should apply the 'characteristic performance' test (as referred to in SUP App 3.6.7 G) when considering whether prior notification is required for services business. Firms should note that other EEA States may take a different view. Some EEA States may apply a solicitation test. This is a test as to whether it is the consumer or the provider that initiates the business relationship.

In the case of a UK firm conducting portfolio management, for example, this would mean looking at where the investment decisions and management are actually carried on in order to determine where the service is undertaken. Similarly, a UK stockbroker that receives orders by telephone from a customer in France for execution on a UK exchange may be deemed to be dealing or receiving and transmitting orders within the territory of the United Kingdom. In such a case, whether the firm solicited the overseas investor would be irrelevant.

Where, however, a credit institution or MiFID investment firm:

(1) intends to send a member of staff or a temporarily authorised intermediary to the territory of another EEA State on a temporary basis to provide financial services; or

(2) provides advice, of the type that requires notification under either MiFID or the Banking Consolidation Directive, to customers in another EEA State;

the firm should make a prior notification under the freedom to provide services.

Temporary activities

The key distinction in relation to temporary activities is whether a firm should make its notification under the freedom of establishment in a Host State, or whether it should notify under the freedom to provide services into a Host State. It would be inappropriate to discuss such a complex issue in guidance of this nature. It is recommended that, where a firm is unclear on the distinction, it should seek...
appropriate advice. In either case, where a firm is carrying on activities in another EEA State under a Single Market Directive, it should make a notification.

App3.6.12 [deleted]

App3.6.13 [deleted]

App3.6.14 [deleted]

Monitoring procedures

App3.6.15 The FCA considers that, in order to comply with Principle 3:Management and control (see PRIN 2.1.1 R), a firm should have appropriate procedures to monitor the nature of the services provided to its customers. Where a UK firm has non-resident customers but has not notified the EEA State in which the customers are resident that it wishes to exercise its freedom to provide services, the FCA would expect the firm’s systems to include appropriate controls. Such controls would include procedures to prevent the supply of services covered by the Single Market Directives in the EEA State in which the customers are resident if a notification has not been made and it is proposed to provide services otherwise than by remote communication. In respect of insurance business, the insurer’s records should identify the location of the risk at the time the policy is taken out or last renewed. That will, in most cases, remain the location of the risk thereafter, even if, for example, the policyholder changes his habitual residence after that time.

App3.6.16 [deleted]

App3.6.17 [deleted]

App3.6.18 [deleted]

App3.6.19 [deleted]

App3.6.20 [deleted]

App3.6.21 [deleted]

App3.6.22 [deleted]
Membership of trading venues

(1) The FCA is of the opinion that where a UK firm becomes a member of:

(a) a regulated market that has its registered office or, if it has no registered office, its head office, in another EEA State; or

(b) an MTF or OTF operated by a MiFID investment firm or a market operator in another EEA State,

the same principles as in the 'characteristic performance' test should apply. Under this test, the fact that a UK firm has a screen displaying the regulated market's or the MTF's or the OTF's prices in its UK office does not mean that it is dealing within the territory of the Home State of the regulated market or of the MTF or OTF.

(2) In such a case, the FCA would consider that:

(a) the market operator operating the regulated market or the MTF or the OTF is providing a cross-border service into the UK and so, provided it has given notice to its Home State regulator in accordance with articles 53(6) or 34(6) of MiFID, it will be exempt from the general prohibition in respect of any regulated activity carried on as part of the business of the regulated market, of operating a multilateral trading facility or of operating an organised trading facility (see section 312A of the Act);

(b) the MiFID investment firm operating the MTF or OTF is providing a cross-border service into the UK and so needs to comply with SUP 13A.

Firms are reminded of their rights, under article 36 of MiFID, to become members of, or have access to, the regulated markets in other Member States.

Firms should note that, in circumstances where the FCA take the view that a notification would not be required, other EEA States may take a different view.

3.9 Mapping of MiFID, CRD, AIFMD, UCITS Directive, MCD and IDD to the Regulated Activities Order
App 3.9.1  The following Tables 1, 2, 2ZA, 2A and 2B provide an outline of the regulated activities and specified investments that may be of relevance to firms considering undertaking passported activities under the CRD, MiFID, AIFMD, the UCITS Directive, the MCD and the IDD. The tables may be of assistance to UK firms that are thinking of offering financial services in another EEA State and to EEA firms that may offer those services in the United Kingdom.

App 3.9.2  The tables provide a general indication of the investments and activities specified in the Regulated Activities Order that may correspond to categories provided for in the CRD, MiFID, AIFMD, the UCITS Directive, the MCD or the IDD. The tables do not provide definitive guidance as to whether a firm is carrying on an activity that is capable of being passported, nor do the tables take account of exceptions that remove the effect of articles. Whether a firm is carrying on a passported activity will depend on the particular circumstances of the firm. If a firm’s activities give rise to potential passporting issues, it should obtain specialist advice on the relevant issues.

App 3.9.3  In considering the issues raised in the tables, firms should note that:

1. Article 64 of the Regulated Activities Order ( Agreeing to carry on specific kinds of activity) may apply in respect of agreeing to undertake the specified activity (see PERG 2.7.21G); and

2. Article 89 of the Regulated Activities Order ( Rights to or interests in investments) applies in respect of rights to and interests in the types of investments to which the category applies.

Activities set out in Annex 1 of the CRD

### Table 1: CRD activities

<table>
<thead>
<tr>
<th>Table 1: CRD activities</th>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Taking deposits and other repayable funds from the public</td>
<td>Article 5</td>
<td>Article 74</td>
</tr>
<tr>
<td>2. Lending</td>
<td>Article 61, 64</td>
<td>Article 88</td>
</tr>
<tr>
<td>3. Financial leasing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Money transmission services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Issuing and administering means of payment (eg credit cards, travellers' cheques and bankers' drafts)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Guarantees and commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Trading for own account or for account of customers in: (a) money market instruments (b) foreign exchange</td>
<td>Article 14, 21, 25 (see Note 1), 64</td>
<td>Article 77, 78, 80, 83-85, 89</td>
</tr>
<tr>
<td></td>
<td>Article 14, 21, 25, 64</td>
<td>Article 83-85, 89</td>
</tr>
</tbody>
</table>
### Table 1: CRD activities

<table>
<thead>
<tr>
<th>CRD activities</th>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c) financial futures and options</td>
<td>Article 14, 21, 25, 64</td>
<td>Article 83-85, 89</td>
</tr>
<tr>
<td>(d) exchange and interest rate instruments</td>
<td>Article 14, 21, 25, 64</td>
<td>Article 83-85, 89</td>
</tr>
<tr>
<td>(e) transferable securities</td>
<td>Article 14, 21, 25, 64</td>
<td>Article 76-81, 89</td>
</tr>
<tr>
<td>8. Participation in share issues and the provision of services relating to such issues</td>
<td>Article 14, 21, 25, 53(1), 64</td>
<td>Article 76-81, 89</td>
</tr>
<tr>
<td>9. Advice to undertakings on capital structure, industrial strategy and related questions and advice and services relating to mergers and the purchase of undertakings</td>
<td>Article 14, 21, 25, 53(1), 64</td>
<td>Article 76-80, 83-85, 89</td>
</tr>
<tr>
<td>10. Money broking</td>
<td>Article 25, 64</td>
<td>Article 77, 78, 89</td>
</tr>
<tr>
<td>11. Portfolio management and advice</td>
<td>Article 14, 21, 25, 37, 53(1), 64</td>
<td>Article 76-81, 83-85, 89</td>
</tr>
<tr>
<td>12. Safekeeping and administration of securities</td>
<td>Article 40, 45, 64</td>
<td>Article 76-81, 83-85, 89</td>
</tr>
<tr>
<td>13. Credit reference services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Safe custody services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Issuing electric money</td>
<td>Article 9B</td>
<td>Article 74A</td>
</tr>
</tbody>
</table>

Note 1: The services and activities provided for in Sections A and B of Annex I of MiFID when referring to the financial instruments provided for in Section C of Annex I of that Directive are subject to mutual recognition according to the CRD from 1 January 2013. See the table at SUP App 3.9.5 G below for mapping of MiFID investment services and activities. For further details relating to this residual category, please see the “CRD” section of the passporting forms entitled “Notification of intention to establish a branch in another EEA State” and “Notification of intention to provide cross border services in another EEA State.”

### Services set out in Annex I to MiFID

#### Table 2: MiFID investment services and activities

<table>
<thead>
<tr>
<th>A MiFID investment services and activities</th>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reception and transmission of orders in relation to one or more financial instruments</td>
<td>Article 25</td>
<td>Article 76-81, 82B, 83-85, 89</td>
</tr>
<tr>
<td>2. Execution of orders on behalf of clients</td>
<td>Article 14, 21</td>
<td>A Article 76-81, 82B, 83-85, 89</td>
</tr>
<tr>
<td>3. Dealing on own account</td>
<td>Article 14</td>
<td>Article 76-81, 82B, 83-85, 89</td>
</tr>
<tr>
<td>4. Portfolio management</td>
<td>Article 37 (14, 21, 25 - see Note 1)</td>
<td>Article 76-81, 82B, 83-85, 89</td>
</tr>
<tr>
<td>5. Investment advice</td>
<td>Article 53(1)</td>
<td>Article 76-81, 82B, 83-85, 89</td>
</tr>
</tbody>
</table>
### Guidance on passporting issues

<table>
<thead>
<tr>
<th>Article 14, 21</th>
<th>Article 76-81, 82B, 83-85, 89</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6.</strong> Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis</td>
<td></td>
</tr>
<tr>
<td><strong>7.</strong> Placing of financial instruments without a firm commitment basis</td>
<td></td>
</tr>
<tr>
<td><strong>8.</strong> Operation of Multilateral Trading Facilities</td>
<td></td>
</tr>
<tr>
<td><strong>9.</strong> Operation of an OTF</td>
<td></td>
</tr>
<tr>
<td><strong>1.</strong> Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management</td>
<td></td>
</tr>
<tr>
<td><strong>2.</strong> Granting credits or loans to an investor to allow him to carry out a transaction in one or more of the relevant instruments where the firm granting the credit or loan is involved</td>
<td></td>
</tr>
<tr>
<td><strong>3.</strong> Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings</td>
<td></td>
</tr>
<tr>
<td><strong>4.</strong> Foreign exchange services where these are connected with the provision of investment services</td>
<td></td>
</tr>
<tr>
<td><strong>5.</strong> Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments</td>
<td></td>
</tr>
<tr>
<td><strong>6.</strong> Services related to underwriting</td>
<td></td>
</tr>
</tbody>
</table>
| **7.** Investment services and activities as well as ancillary services of the type included under Section A or B of Annex I related to the un
derlying of the derivatives included under Section C 5, 6, 7 and 10-where these are connected to the provision of investment or ancillary services.

Note 1. A firm may also carry on these other activities when it is managing investments.

Note 2. A firm operating an MTF under article 25D does not need to have a permission covering other regulated activities, unless it performs other regulated activities in addition to operating an MTF.

Note 3. A firm operating an OTF under article 25DA does not need to have a permission covering other regulated activities, unless it performs other regulated activities in addition to operating an OTF.

Note 4: A firm which provides investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments does not need permission under article 53(1) of the Regulated Activities Order if it is appropriately authorised (see article 53(1) to (1D) of the Regulated Activities Order).

Activities set out in article 6(2) to (4) of AIFMD

<table>
<thead>
<tr>
<th>Table 2ZA: AIFMD activities</th>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AIFM management functions.</td>
<td>Article 51ZC</td>
<td>N/A (activity relates to property of any kind)</td>
</tr>
<tr>
<td>2. Management of portfolios of investments, including those owned by pension funds and institutions for occupational retirement in accordance with article 19(1) of Directive 2003/41/EC, in accordance with mandates given by investors on a discretionary client-by-client basis (Note 2).</td>
<td>Articles 14, 21, 25, 37, 40 (arranging only), 64</td>
<td>Articles 76 to 81, 82B, 83 to 85, 89</td>
</tr>
<tr>
<td>3. Investment advice (Note 2).</td>
<td>Articles 53(1), 64</td>
<td>Articles 76 to 81, 82B, 83 to 85, 89</td>
</tr>
<tr>
<td>4. Safe-keeping and administration in relation to shares or units of collective investment undertakings.</td>
<td>Articles 40, 45, 64</td>
<td>Articles 76 to 81, 82B, 83 to 85, 89</td>
</tr>
</tbody>
</table>
### Activities set out in Article 6(2) and (3) of the UCITS Directive

<table>
<thead>
<tr>
<th>Table 2A: UCITS Directive activities</th>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The management of UCITS in the form of unit trusts / common funds or of investment companies; this includes the function mentioned in Annex II of the UCITS Directive (see Note 2).</td>
<td>Article 51ZA</td>
<td>N/A (activity relates to property of any kind) (Note 3)</td>
</tr>
<tr>
<td>2. Managing portfolios of investments, including those owned by pension funds, in accordance with mandates given by investors on a discretionary, client-by-client basis, where such portfolios include one or more of the instruments listed in Section C of Annex I to MiFID.</td>
<td>Articles 14, 21, 25, 37, 40 (arranging only), 64</td>
<td>Articles 76-81, 82B, 83-85, 89</td>
</tr>
<tr>
<td>3. Investment advice concerning one or more of the instruments listed in Section C of Annex I to MiFID.</td>
<td>Articles 53(1), 64</td>
<td>Articles 76-81, 82B, 83-85, 89</td>
</tr>
<tr>
<td>4. Safekeeping and administration services in relation to units of collective investment undertakings.</td>
<td>Articles 40, 45, 64</td>
<td>Articles 76-81, 82B, 83-85, 89</td>
</tr>
</tbody>
</table>

Note 1. A **UCITS management company** can only be authorised to carry on the non-core services set out in rows (3) and (4) of Table 2A if it is also **authorised** to carry on the activity set out in row (2) of the table (see COLL 6.9.9 R).

Note 2. The functions set out in Annex 2 to the **UCITS Directive** are:

1. Investment management.
2. Administration:
   a. legal and fund management accounting services;
   b. customer inquiries;
   c. valuation and pricing (including tax returns);
   d. regulatory compliance monitoring;
   e. maintenance of unit-holder register;
Table 2A: UCITS Directive activities

<table>
<thead>
<tr>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>distribution of income; unit issues and redemptions; contract settlements (including certificate dispatch); record keeping.</td>
<td></td>
</tr>
</tbody>
</table>


Note 3. The regulated activity of managing a UCITS may be carried on for property of any kind (article 4(2) of the regulated activities order). However, the scheme property of a UCITS scheme is limited to certain types of property, in line with COLL 5 (Investment and borrowing powers).

Activities set out in articles 2.1(1) and 2.1(2) of the IDD

Table 2B: Insurance Distribution Directive Activities/Examples

<table>
<thead>
<tr>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles 25, 53(1) and 64</td>
<td>Articles 75, 89 (see Note 1)</td>
</tr>
<tr>
<td>Articles 21, 25, 53(1) and 64</td>
<td>Articles 75, 89</td>
</tr>
<tr>
<td>Articles 39A, 64</td>
<td>Articles 75, 89</td>
</tr>
<tr>
<td>Articles 21, 25, (where this involves the provision of advice) 53(1), and 64.</td>
<td>Articles 75, 89</td>
</tr>
</tbody>
</table>

Note 1. Rights to or interests in life policies are specified investments under Article 89 of the Regulated Activities Order, but rights to or interests in general insurance contracts are not.

Note 2. Row 4 in Table 2B includes text that appears in article 2.1(1) of the IDD. These activities are not considered to be separate, discrete activities under the IDD but rather are included by way of an example of what constitutes insurance distribution. They have been included in this table for completeness, together with an indication of the Part II RAO activities and Part III RAO investments that may be relevant. This is to indicate, including for firms considering undertaking passport activities under the IDD, how these examples may relate to regulated activities and specified investments.
### Activities set out in article 4 of the MCD

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>Acting as credit intermediary</th>
<th>Part II RAO specified activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Articles 25A(1), 25A(2A), 53A,</td>
<td>Articles 88 and 88D</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>36A(1)(d), (e), (f) and 53DA</td>
<td></td>
</tr>
</tbody>
</table>

### 3.10 Mapping of the Solvency II Directive to the Regulated Activities Order

#### Introduction

The guidance in Table 3 describes in broad outline the relationship between:

1. the insurance-related regulated activities specified in the Regulated Activities Order; and
2. the activities within the scope of the Solvency II Directive

#### Table 3: Solvency II Directive activities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1. Non-life insurance activities</th>
<th>Part II RAO Activities</th>
<th>Part III RAO Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1. Taking up and carrying on direct non-life insurance business</td>
<td>Article 10</td>
<td>Article 75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Classes 1 to 18 of non-life insurance business in Point A of Annex I to the Solvency II Directive</td>
<td>Corresponding paragraphs 1 to 18 of Schedule 1, Part I</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Life insurance activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Taking up and carrying on direct life insurance business</td>
<td>Article 10</td>
<td>Article 75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Classes I to IX of direct life insurance business in Annex II to the Solvency II Directive</td>
<td>Corresponding paragraphs I to IX of Schedule 1, Part II</td>
<td></td>
</tr>
</tbody>
</table>

#### Meaning of contract of insurance

The meaning of contract of insurance is set out in article 3(1) of the Regulated Activities Order (Interpretation). It does not include benefit-in-kind funeral plans, which are specified in article 60 of the Regulated Activities Order (plans covered by insurance or trust arrangements). Such funeral plans (to the extent that they are insurance) are also excluded from the Solvency II Directive. It covers some contracts...
which might not otherwise be viewed as insurance in the United Kingdom (for example, contracts of guarantee). These contracts are also governed by the Solvency II Directive. For the purpose of the Regulated Activities Order, a contract of insurance includes a contract of reinsurance as well as a contract of direct insurance.

The Solvency II Directive

App3.10.4 Article 1 of the Solvency II Directive provides that the Directive “lays down rules concerning... the taking up and pursuit, within the Community, of the self-employed activities of direct insurance and reinsurance”. Article 10 of the Regulated Activities Order (Effecting and carrying out contracts of insurance) also covers reinsurance.

App3.10.5 Articles 3 to 12 of the Solvency II Directive set out certain exclusions by reference to:

1. types of insurance;
2. types of insurer;
3. particular conditions under which insurance activities are carried out.
4. annual income; and
5. particular identified institutions.

App3.10.6 Some of the exclusions referred to in the Solvency II Directive mirror exclusions in the Regulated Activities Order. So, the exclusion for breakdown insurance in article 6 of the Solvency II Directive is matched by a slightly narrower exclusion in article 12 of the Regulated Activities Order (Breakdown insurance). The separate treatment of benefit-in-kind funeral plans under the Regulated Activities Order (see SUP App 3.10.4) is matched by their exclusion on a slightly wider basis in article 10 of the Solvency II Directive. Other requirements from the Solvency II Directive are also excluded from regulation by the Exemption Order.

App3.10.7 Most of the exclusions under the Directives, however, are not excluded from being regulated activities. For example, the activities of "non-directive friendly societies" are regulated under the Act, on a "lighter basis" than the activities of other insurers.

Territorial scope of the Regulated Activities Order and the Directive

App3.10.8 Under the Act and the Regulated Activities Order, the activities of effecting and carrying out contracts of insurance are treated as being carried on in the United Kingdom on the basis of legal tests under which the location of the risk is only one factor. If the risk is located in the United Kingdom, then (other relevant factors being taken into account) the activity will, in the vast majority of cases, also be viewed as carried on in the United Kingdom. There are exceptions, however, and overseas insurers may insure risks in the United Kingdom without carrying on business here and so without requiring to be regulated (although the financial promotion regime may apply). By contrast, under the Solvency II Directive, the responsibility, as between EEA States, for regulating the conduct of passported...
insurance services is determined by reference to the location of the risk or commitment, as defined in article 13(13) and (14) of the Solvency II Directive.

App.3.10.9 So, the effect of App.3.12.1 is that an insurer may be carrying on insurance business in the United Kingdom which is to be treated as a regulated activity under article 10 to the Regulated Activities Order (Effecting and carrying out contracts of insurance) in circumstances where the risks covered are treated as located in another EEA State. In that event, the insurer is required by Schedule 3 to the Act to passport into the State concerned and may be subject to conduct of business requirements in that State (see SUP 13.10 (Applicable provisions)).

App.3.10 An insurer authorised in another EEA State who is insuring UK risks and so passports on a services basis under the Solvency II Directive into the United Kingdom may not be carrying on a regulated activity in the United Kingdom. But, if it passports into the United Kingdom, it will qualify for authorisation under paragraph 12 of Schedule 3 to the Act (Firms qualifying for authorisation). Where this is the case, the insurer will be subject to conduct of business requirements in the United Kingdom (see SUP 13A.6 (Which rules will an incoming EEA firm be subject to?)).

Activities carried on by incoming EEA firms in connection with insurance business.

App.3.11 Although the Solvency II Directive is concerned with the regulated activities of effecting and carrying out contracts of insurance, an incoming EEA firm passported under the Solvency II Directive will be entitled to carry on certain other regulated activities without the need for top-up permission. This is where the regulated activities are carried on for the purposes of or in connection with the incoming EEA Firm’s insurance business. These regulated activities may include:

1. dealing in investments as principal;
2. dealing in investments as agent;
3. arranging (bringing about) deals in investments;
4. making arrangements with a view to transactions in investments;
5. managing investments;
6. safeguarding and administering investments;
7. advising on investments;
8. agreeing to carry on a regulated activity of the above kind.

Financial promotion

App.3.12 The financial promotion regime under section 21 of the Act (Restrictions on financial promotion) may also apply to EEA insurance undertakings regardless of whether they carry on a regulated activity in the United Kingdom or passport into the United Kingdom.
## 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.

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<tbody>
<tr>
<td>1</td>
<td>SUP 3.3.2 R (1)</td>
<td>R</td>
<td>Auditors</td>
<td>From commencement</td>
<td>Commencement</td>
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<td>A firm will not contravene SUP 3.3.2 R (1), if the office of auditor is filled at commencement. The auditor filling the office at that time will be deemed to be appointed under SUP 3.3.2 R.</td>
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<td>2</td>
<td>SUP 3.9 and SUP 3.10</td>
<td>R</td>
<td>Expired</td>
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<tr>
<td>3</td>
<td>SUP 3.9.4 R</td>
<td>R</td>
<td>Expired</td>
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<tr>
<td>3A</td>
<td>SUP 3.10</td>
<td>R</td>
<td>Expired</td>
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<tr>
<td>3AA</td>
<td>SUP 3.10.6R</td>
<td>R</td>
<td>(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 firm obtaining Part 4A permission. (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: (a) the period covered by the previous report on such matters; (b) the date the firm's application for Part 4A permission to operate an electronic system in relation to lending is granted; or (c) the date the firm becomes subject to SUP 3.11 and its auditor becomes subject to SUP 3.10.</td>
<td>Indefinitely</td>
<td>21 August 2017</td>
</tr>
<tr>
<td>3AB</td>
<td>SUP 3.10.6R</td>
<td>R</td>
<td>(1) This transitional provision applies where an auditor is required to produce a report un-</td>
<td>Indefinitely</td>
<td>21 August 2017</td>
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<td></td>
<td>SUP 3.10.4R for a CASS 7 loan-based crowdfunding firm that has not had an interim permission.</td>
<td></td>
<td>(2) The period covered by the first report required under SUP 3.10.4R must end not more than 53 weeks after either:</td>
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<td>From 1 April 2019</td>
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<td>(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;</td>
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<td>1 April 2019</td>
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<td>(b) the date the firm’s application for Part 4A permission to operate an electronic system in relation to lending is granted;</td>
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<td></td>
<td></td>
<td>(c) the date the firm becomes subject to SUP 3.11 and its auditor becomes subject to SUP 3.10.</td>
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<tr>
<td>3AC</td>
<td>SUP 3.10.4R to SUP 3.10.6R</td>
<td>R</td>
<td>(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 firm which becomes subject to the claims management client money rules on 1 April 2019.</td>
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<td>(2) For the purposes of SUP 3.10.5R(1) in its application to the claims management client money rules, the first report which the auditor submits under SUP 3.10.4R which covers the claims management client money rules must state whether, in the auditor’s opinion, the firm was in compliance with those rules from 1 April 2019 to the end of the period covered by the report.</td>
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<td>3B</td>
<td>SUP 3.10.6 R, SUP 3.10.7 R</td>
<td>G</td>
<td>Expired</td>
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<tr>
<td>3C</td>
<td>SUP 3.10</td>
<td>R</td>
<td>Expired</td>
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<td>4</td>
<td>SUP 4.3.1 R (1) and SUP 4.4.1 R (1)</td>
<td>R</td>
<td>Actuaries</td>
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<td>A firm will not contravene SUP 4.3.1 R (1) or SUP 4.4.1 R (1) to the extent that the office of actuarial function holder, with-profits actuary or appropriate actuary is filled by an actuary appointed</td>
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**Notes:**

- SUP 3.10.4R: Transitional provision for a CASS 7 loan-based crowdfunding firm that has not had an interim permission.
- SUP 3.10.5R: Claims management client money rules.
- SUP 3.11: Transitional provision for Part 4A permission to operate an electronic system in relation to lending.
- SUP 3.10: Claims management client money rules.
- Actuaries: A firm will not contravene SUP 4.3.1 R (1) or SUP 4.4.1 R (1) to the extent that the office of actuarial function holder, with-profits actuary or appropriate actuary is filled by an actuary appointed.
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<td>on or before 31 December 2004, provided that that actuary was appointed in accordance with the statutory requirements, or the requirements of the regulatory system, in force at that time.</td>
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<td>4A</td>
<td>SUP 4</td>
<td>R</td>
<td>Anything done before 31 December 2004 for the purposes of an amended provision in SUP 4 has effect as if done under that provision.</td>
<td>From 31 December 2004</td>
<td>31 December 2004</td>
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<td>4B</td>
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<td>4BA</td>
<td>SUP 4.3.16AR (3) and SUP 4.3.16AR (4)</td>
<td>R</td>
<td>The rules apply in respect of each financial year commencing on or after 1 January 2005.</td>
<td>From 31 December 2004</td>
<td>31 December 2004</td>
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<td>4C</td>
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<td>5</td>
<td>SUP 4.3.3 R</td>
<td>R</td>
<td>If a firm’s actuary has been appointed by a previous regulator under statutory or contractual powers and remains in office immediately before commencement, that appointment will be deemed to have been made under SUP 4.3.3 R, but on the terms of the actual appointment.</td>
<td>From commencement</td>
<td>Commencement</td>
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<td>6</td>
<td>SUP 8.6.1 G</td>
<td>R</td>
<td>Expired</td>
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<td>(1) If a person acts in accordance with individual written guidance:</td>
<td>(a) given to him by any previous regulator (or body whose functions were assumed by a previous regulator);</td>
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<td>(b) relating to any pre-commencement provision; and</td>
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<td>(c) in the circumstances contemplated by that guidance;</td>
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<td>then the FCA will proceed on the footing that the person has complied with the aspects of any provision in or under the Act (including a rule or guidance in the Handbook) to which the guidance relates if:</td>
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<td>(d) that provision is substantially similar to the pre-commencement provision in relation to the matter with which the guidance is concerned;</td>
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<td>(e) the guidance was current immediately before commencement; and</td>
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<td>(f) the guidance has not been superseded.</td>
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<td>(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 guidance given by the FCA.</td>
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<td>(3) References to “individual written guidance” in (1) and (2) include a written concession from a pre-commencement provision which is substantially similar to guidance in the Handbook.</td>
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<td>8</td>
<td>SUP 10.13.6 R R Expired</td>
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<td>8A</td>
<td>SUP 10.4.1 R R Deleted</td>
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<td>8B</td>
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<td>8C</td>
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<td>8D</td>
<td>SUP 10.13.6 R (Ceasing to perform a controlled function) R Deleted</td>
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<td></td>
<td>and SUP 10.13.3 D (Moving within a firm)</td>
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<td>8E</td>
<td>SUP 10.6.4 R (2)</td>
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<td>8F</td>
<td>SUP 10.6.8 R (1)(b)</td>
<td>R</td>
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<td>8G</td>
<td>SUP 10.9.1 R (2)</td>
<td>R</td>
<td>Expired</td>
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<tr>
<td>8H</td>
<td>SUP 10.1.7 R (1)</td>
<td>R</td>
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<td>8I</td>
<td>SUP 10.1.7 R (2)</td>
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<td>8J</td>
<td>SUP 10.1.7 R (5)</td>
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<td>8K</td>
<td>SUP 10.1.13 R to SUP 10.1.14 R</td>
<td>R</td>
<td>Expired</td>
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<td>8L</td>
<td>G</td>
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<tr>
<td>8M[FCA]</td>
<td>SUP 10A.14.24 R</td>
<td>R</td>
<td>This rule applies to complaints upheld on or after 31 December 2012.</td>
<td>From 31/12/2012</td>
<td>31/12/2012</td>
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<tr>
<td>9</td>
<td>SUP 12.5.5 R</td>
<td>R</td>
<td>Expired</td>
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<td></td>
<td>SUP 12.5.7 R</td>
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<tr>
<td>9A</td>
<td>SUP 15.8.4 G</td>
<td>R</td>
<td>Expired</td>
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<tr>
<td>9AA</td>
<td>SUP 13</td>
<td>R</td>
<td>(1) Where a person wishes to obtain a passport for an investment service or financial instrument to which MiFID II will apply, but to which MiFID 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.</td>
<td>From 31 July 2017 until 3 December 2017</td>
<td>31 July 2017</td>
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<td>(2)</td>
<td>For the purposes of this transitional provision, SUP 13.5.3R(1) and SUP 13.8.1R(1) do not apply. A person 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 <a href="mailto:MiFID.passport@fca.org.uk">MiFID.passport@fca.org.uk</a>.</td>
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<td>(3)</td>
<td>This transitional provision also applies where a person to whom MiFID does not apply, but to whom MiFID II will apply, wishes to obtain a passport that takes effect from the application date of MiFID II.</td>
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<tr>
<td>9AB</td>
<td>SUP 13 G (1) 9AAR is intended to allow a person to apply for a passport for an investment service or financial instrument introduced by MiFID II, prior 4 December 2018. It also allows other persons such as those who will cease to be exempt under MiFID II, to apply for a passport prior to 4 December 2018.</td>
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<td>From 31 July 2017 until 3 December 2017</td>
<td>31 July 2017</td>
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<td>(2) A person who wishes to obtain a passport for an investment service or financial instrument to which MiFID applies, as well as for an investment service or financial instrument to which MiFID does not apply but to which MiFID II will apply, should submit two separate notifications during the transitional period.</td>
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<td>(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</td>
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<td>(1)</td>
<td>(2) Material to which the transitional provision applies</td>
<td>(3)</td>
<td>(4) Transitional provision</td>
<td>(5) Transitional provision; dates in force</td>
<td>(6) Handbook provision: coming into force</td>
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<td>4 December, all persons should submit passporting notifications in accordance with SUP 13, as amended by this instrument.</td>
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<tr>
<td>9AC</td>
<td>SUP 13</td>
<td>R</td>
<td>Where the person wishing to obtain a passport is not subject to MiFID, but will be subject to MiFID II, SUP 13.5.3R(1) and SUP 13.8.1R(1) do not apply. Such a person must submit the relevant notice by email to <a href="mailto:MiFID.passport@fca.org.uk">MiFID.passport@fca.org.uk</a>.</td>
<td>From 4 December 2017 until 2 January 2018</td>
<td>31 July 2017</td>
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<tr>
<td>9B</td>
<td>SUP 12.5</td>
<td>R</td>
<td>Expired</td>
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</table>
| 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 |                                         |                                        |
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<td>SUP 16.7.80 R</td>
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<td>12C</td>
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<td>12F</td>
<td>SUP 16.7.77 R</td>
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<td>12G</td>
<td>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;</td>
<td>R</td>
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<td>12H</td>
<td>R Expired</td>
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<td>12I</td>
<td>SUP 16.7.54 R</td>
<td>R</td>
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<tr>
<td>12J</td>
<td>(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</td>
<td>R</td>
<td>Expired</td>
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<td></td>
<td>(2) SUP 16.7.35 R, SUP 16.7.36 R and SUP 16.7.36A R</td>
<td>R</td>
<td>Expired</td>
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<td>(3) SUP 16.7.67 R, SUP 16.7.68 R and SUP 16.7.68A R</td>
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<td>SUP 16.12.5 R to SUP 16.12.7 R</td>
<td>R</td>
<td>If BIPRU TP 30.4 R (Liquidity floor for certain banks) applies to a firm the regulatory intervention point mentioned in that rule is added to the list in paragraph (a) of the definition of firm-specific liquidity stress in the case of that firm for as long as BIPRU TP 30.4 R applies to it.</td>
<td>For as long as BIPRU TP 30.4 R applies to the firm</td>
<td>At the end of period set out in column (5)</td>
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<td>SUP 16.12.5 R to SUP 16.12.7 R</td>
<td>R</td>
<td>(1) This rule deals with the effect of the abolition of data item FSA044 by the Liquidity Standards (Miscellaneous Amendments) Instrument 2010 and of changes to the definition of DLG by default made by that instrument.</td>
<td>See column 4</td>
<td>See column 4</td>
</tr>
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<td>12X</td>
<td>SUP 16.12.5 R to SUP 16.12.7 R</td>
<td>R</td>
<td>(2) The abolition of that data item does not have effect in relation to a firm’s reporting</td>
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<td>period for that data item that has begun but not ended as at 1 January 2011.</td>
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<td>(3) The changes to the definition of DLG by default do not have effect in relation to the reporting period of a firm that has begun but not ended as at 1 November 2010.</td>
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<td>12Y</td>
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<td>SUP 16.12.15 R but only in so far as it relates to annual report and accounts, FSA029 (Balance sheet), FSA030 (Income statement) and FIN069 (Capital adequacy)</td>
<td>R</td>
<td>The rule listed in column (2) does not apply to an operator of an electronic system in relation to lending who holds an interim permission.</td>
<td>Indefinitely</td>
<td>1 April 2014</td>
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<td>12ZA</td>
<td>The changes to SUP in Annex B of the Client Assets (Term Deposits) Instrument 2018</td>
<td>G</td>
<td>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 firm 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.</td>
<td>From 22 January 2018 to the date on which the relevant direction referred to in column (4) ceases to have effect</td>
<td>22 January 2018</td>
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<td>SUP 16.8 R</td>
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<td>13C</td>
<td>SUP 16.13.7D</td>
<td>D</td>
<td>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</td>
<td>1 to 31 January 2019</td>
<td>1 January 2019</td>
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<td>(3)</td>
<td>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 FCA Handbook website.</td>
<td>1 to 31 January 2019</td>
<td>1 January 2019</td>
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<td>13D</td>
<td>SUP 16.13.8D D</td>
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<td>The return covering the period beginning on 13 January 2018 and ending on 31 December 2018 must be submitted by 31 January 2019.</td>
<td>1 January 2019 to 29 February 2020</td>
<td>1 January 2019</td>
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<tr>
<td>13E</td>
<td>SUP 16.13.7D D</td>
<td></td>
<td>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. Payment service providers 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 FCA Handbook website.</td>
<td>1 January 2019 to 29 February 2020</td>
<td>1 January 2019</td>
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<tr>
<td>13F</td>
<td>SUP 16.13.7D D</td>
<td></td>
<td>Small payment institutions 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.</td>
<td>1 January 2019 to 29 February 2020</td>
<td>1 January 2019</td>
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<td>SUP 16.14.3R R R</td>
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<td>Where, as a result of making the election under CASS</td>
<td>From 21 March 2016</td>
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<td>(1)</td>
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<td>7.10.7AR(1), a <em>firm</em> exceeds the limit in the bottom row of the table in CASS 1A.2.7R (CASS small firm), SUP 16.14.3R (requirement to submit CMAR) does not apply to the <em>firm</em>.</td>
<td>until 1 January 2017</td>
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<td>14F</td>
<td>SUP 16.14.3R</td>
<td>G</td>
<td>CASS TP 14E means that a CASS small firm which becomes a CASS medium firm or a CASS large firm as a result of making the election under CASS 7.10.7AR(1) does not need to submit a CMAR until January 2017.</td>
<td>From 21 March 2016 until 1 January 2017</td>
<td>21 March 2016</td>
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<td>15E</td>
<td>SUP 16.15.5AD</td>
<td>D</td>
<td>In respect of the reporting period for which the electronic money institution’s accounting reference date falls between 31 Dec 2016 and 30 Dec 2017 (inclusive) it must provide the data on a best endeavours basis.</td>
<td>From 31 December 2016 until 30 December 2017</td>
<td>31 December 2016</td>
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<td>SUP 16.23.4R</td>
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<td>In respect of the reporting period for which the <em>firm’s</em> accounting reference date falls between 31 Dec 2016 and 30 Dec 2017 (inclusive) it must provide the data on a best endeavours basis.</td>
<td>From 31 December 2016 until 30 December 2017</td>
<td>31 December 2016</td>
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<td>16</td>
<td>Paragraphs 1 to 15</td>
<td>R</td>
<td>Definitions</td>
<td>From commencement</td>
<td>Commencement</td>
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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 *firm’s* previous regulator, including (where the context permits) any relevant provision which it replaced before commencement; and |
|-----|----------------------------------------------------------|-----|---------------------------|------------------------------------------|------------------------------------------|
|     |                                                          |     | “substantially similar” means substantially similar in purpose and effect. |                                          |                                          |
| 17  | SUP 20.4.4 R (4)                                          | R   | Expired                   |                                          |                                          |
|     |                                                          |     | GEN contains some technical transitional provisions that apply throughout the Handbook and which are designed to ensure a smooth transition at commencement. 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   | (1) This transitional provision applies to a firm that is required under SUP 16.12.19AR to submit data item FIN072 to the FCA. (2) Until the FCA has made electronic means available for the submission of data item FIN072 available, a firm in (1) must submit data item FIN072 by electronic email to: regulatory.reports@fca.org.uk. | From 18 March 2016 to 18 March 2017 | 18 March 2016 |
| 19  | SUP 16.25.7                                              | R   | (1) This transitional provision applies in respect of the first Annual Claims Management Report which a firm is required to submit under SUP 16.25.7R. (2) No report is required under SUP 16.25.7R in respect of a period ending on an accounting reference date of the firm earlier than 1 July 2019. (3) If no report is provided under SUP 16.25.7R in respect of a period ending on an accounting reference date of the firm earlier than 1 July 2019, the first report under SUP 16.25.7R must address the period from 1 April 2019 to the firm’s first accounting reference date which occurs on or after 1 July 2019. | From 1 April 2019 to 1 July 2020 | 1 April 2019 |

Note 1 Deleted

Note 2 Deleted

Note 3 Deleted
### Material to Transitional Provision

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</thead>
<tbody>
<tr>
<td>The rules and guidance in SUP 3.10</td>
<td>In relation to an auditor of a firm 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.</td>
<td>From 1 June 2011</td>
<td>1 June 2011</td>
</tr>
<tr>
<td>The rules and guidance in SUP 3.11</td>
<td>In relation to a firm whose client assets report period ends on or before 29 September 2011, the rules and guidance to which column (2) refers do not apply.</td>
<td>From 1 June 2011</td>
<td>1 June 2011</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Material to which the transitional provision applies</th>
<th>Transitional provisions</th>
<th>Transitional provision: dates in force</th>
<th>Handbook provision coming into force</th>
</tr>
</thead>
<tbody>
<tr>
<td>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</td>
<td>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.</td>
<td>1 April 2014 to 1 October 2014</td>
<td>1 April 2014</td>
</tr>
<tr>
<td>The changes to SUP 16.12 set out in Annex I of the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014</td>
<td>The effect of (1) is that, for a firm with permission to carry on only a credit-related regulated activity, the reporting frequencies and submission deadlines for the data items in SUP 16.12.29CR are calculated from the firm’s next accounting reference date that follows 1 October 2014. The first data items should cover the period from 1 October 2014 to the accounting reference date or the end of the first reporting period if the frequency is half-yearly.</td>
<td>1 April 2014 to 1 October 2014</td>
<td>1 April 2014</td>
</tr>
<tr>
<td>SUP 16.12</td>
<td>Firms are reminded that CONC 12.1.4 R further provides that (a) SUP 16 does not apply to a firm with only an interim permission; and (b) SUP 16.11 and SUP 16.12 apply</td>
<td>1 April 2014 until interim permis-</td>
<td>1 April 2014</td>
</tr>
</tbody>
</table>
to a firm with an interim permission that is treated as a variation of permission for credit-related regulated activity as if the changes effected by the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014 had not been made. So, if such a firm is granted permission to carry on (or is granted a variation to add to its permission) credit-related regulated activity (and an interim permission the firm was treated as having ceases to have effect) on a date after 1 October 2014, the reporting frequencies and submission deadlines for the data items in SUP 16.12.29C R are calculated by reference to the firm's accounting reference date that follows the date on which the notice of the grant of permission or the variation of permission under section 55V(5) of the Act takes effect. The first data items should cover the period from that date (not 1 October 2014) to the accounting reference date or the end of the first reporting period if the frequency is half-yearly.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>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)</td>
<td>R</td>
<td>When reporting sales data and performance data on regulated mortgage contracts, a firm should not include sales data and performance data on second charge regulated mortgage contracts</td>
<td>21 March 2016 to 31 March 2017</td>
<td>21 March 2016</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D</td>
<td>D</td>
<td>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 payment institution or electronic money institution is required to submit a re-</td>
<td>13 January 2018 to 1 April 2018</td>
<td>13 January 2018</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------------------------------</td>
<td>-----</td>
<td>----------------------------</td>
<td>-----------------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>2</td>
<td>SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D</td>
<td>G</td>
<td>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. The effect of (1) is that an authorised payment institution or a small payment institution 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. The effect of (1) is also that an authorised electronic money institution 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 authorised electronic money institution’s accounting reference date, and the due dates for submission are within 30 business days following the end of the reporting period. A small electronic money institution</td>
<td>13 January 2018 to 1 April 2018</td>
<td>13 January 2018</td>
</tr>
<tr>
<td>(1)</td>
<td>(2) Material to which the transitional provision applies</td>
<td>(3) Transitional provision</td>
<td>(4) Transitional provision dates in force</td>
<td>(5) Transitional provision: coming into force</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------</td>
<td>-----------------------------</td>
<td>------------------------------------------</td>
<td>--------------------------------------------</td>
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</tr>
<tr>
<td>3</td>
<td>SUP 16.3.3D to SUP 16.13.4D and SUP 16.15.8D</td>
<td>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 small electronic money institution’s accounting reference date, and the due date for submission is within 30 business days following the end of the reporting period.</td>
<td>13 January 2018 to 18 May 2018</td>
<td>13 January 2018</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>SUP 16.3.3D to SUP 16.3.4D and SUP 16.15.8D</td>
<td>The effect of (3) is that an authorised payment institution or registered account information service provider should submit the return FSA056 by 11 May 2018 if the return re-</td>
<td>13 January 2018 to 18 May 2018</td>
<td>13 January 2018</td>
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</tr>
<tr>
<td>5</td>
<td>SUP 16.13.4D and SUP 16.15.8D</td>
<td>D</td>
<td>An authorised payment institution, registered account information service provider, authorised electronic money institution, or small electronic money institution 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 accounting reference date. ‘New return questions’ means: (a) for an authorised payment institution, questions 68, 76, 80 and 84-86 in FSA056 (Authorised Payment Institution Capital Adequacy Return); (b) for a registered account information service provider, question 68 in FSA056 (Authorised Payment Institution Capital Adequacy Return);</td>
<td>13 January 2018 to 1 April 2019</td>
<td>13 January 2018</td>
</tr>
<tr>
<td>---</td>
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<td>-----------------------------------------</td>
</tr>
<tr>
<td>6</td>
<td>SUP 16.13.4D and SUP 16.15.8D</td>
<td>G</td>
<td>(c) for an <em>authorised electronic money institution</em>, questions 2–3, 10–11, 75–76 and 80–82, in FIN060 (Authorised Electronic Money Institution Questionnaire); and (d) for a <em>small electronic money institution</em>, questions 2–3 and questions 10–12 in FIN060 (Small E-Money Institution Questionnaire).</td>
<td>13 January 2018 to 1 April 2019</td>
<td>13 January 2018</td>
</tr>
<tr>
<td>7</td>
<td>SUP 16.15.8D</td>
<td>G</td>
<td><em>Electronic money institutions</em> are reminded that the return FIN060 is to be completed in respect of a reporting period of <em>12 months</em>. This means that <em>electronic money institutions</em> using FIN060 for the first time should include in that report data from the preceding 12 <em>months</em>, irrespective of whether some of that data has already been reported</td>
<td>13 January 2018 to 1 April 2019</td>
<td>13 January 2018</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------------------------------------------</td>
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<td>-----------------------------------------</td>
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</tr>
<tr>
<td>1</td>
<td>SUP 16.23A.3R(2) R</td>
<td></td>
<td>If, at the time SUP 16.23A.3R comes into force, the latest director’s certificate and auditor’s report a firm submitted under the rules 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 firms must submit under SUP 16.23A.3R(1) is from that date to 31 March 2019.</td>
<td>From 28 September 2018 to 31 August 2019</td>
<td>28 September 2018</td>
</tr>
<tr>
<td>2</td>
<td>SUP 16.23A.3R (2) R</td>
<td></td>
<td>If, at the time SUP 16.23A.3R comes into force, the latest director’s certificate and auditor’s report a firm submitted under the rules 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 firms must submit under SUP 16.23A.3R(1) is from that date to 31 March 2019.</td>
<td>From 28 September 2018 to 31 August 2019</td>
<td>28 September 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SUP 16.26 R</td>
<td></td>
<td>(1) This rule applies to an SMCR firm.</td>
<td>From 9 September 2019 to 9 March 2020</td>
<td>9 September 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2) The reporting and timing requirements in SUP 16.26 are modified in accordance with</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Transitional provisions

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>paragraphs (3) to (6) for a <em>firm</em> to which this rule applies.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>The <em>firm</em> must submit a report about each individual who is or becomes a <em>Directory person</em> on or after 9 September 2019.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td>Where the relevant information is held by the <em>firm</em>, the <em>firm</em> must submit a report about each individual who does not fall within (3), but who would have been a <em>Directory person</em> on or after 10 December 2018.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5)</td>
<td>The <em>firm</em> must submit to the FCA all reports about the <em>Directory persons</em> 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.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 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 | R | An approved person who was, as at cutover, approved by the FSA to perform a controlled function specified by the FSA set out in column 1 of the table in SUP TP 3.1.2 R in relation to a firm, is deemed to continue to be approved by the FCA to perform the FCA-controlled function in the same row of column 2 in that table in relation to that firm. Column 3 states whether this applies in relation to all firms or just FCA-authorised persons. |
| 3.1.2 | R | Table: FSA controlled functions transitioned to the FCA |

<table>
<thead>
<tr>
<th>FSA controlled function</th>
<th>FCA controlled function into which approved person transitioned</th>
<th>Firms to which transitional relates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director function (CF1)</td>
<td>Director function (CF1)</td>
<td>FCA-authorised persons only</td>
</tr>
<tr>
<td>Non-executive director function (CF2)</td>
<td>Non-executive director function (CF2)</td>
<td>FCA-authorised persons only</td>
</tr>
<tr>
<td>Chief executive function (CF3)</td>
<td>Chief executive function (CF3)</td>
<td>FCA-authorised persons only</td>
</tr>
<tr>
<td>Partner function (CF4)</td>
<td>Partner function (CF4)</td>
<td>FCA-authorised persons only</td>
</tr>
<tr>
<td>Director of unincorporated association function (CF5)</td>
<td>Director of unincorporated association function (CF5)</td>
<td>FCA-authorised persons only</td>
</tr>
<tr>
<td>Small friendly society function (CF6)</td>
<td>Small friendly society function (CF6)</td>
<td>FCA-authorised persons only</td>
</tr>
<tr>
<td>Apportionment and oversight function (CF8)</td>
<td>Apportionment and oversight function (CF8)</td>
<td>All firms</td>
</tr>
<tr>
<td>Compliance oversight function (CF10)</td>
<td>Compliance oversight function (CF10)</td>
<td>All firms</td>
</tr>
<tr>
<td>CASS operational oversight function (CF10A)</td>
<td>CASS operational oversight function (CF10A)</td>
<td>All firms</td>
</tr>
<tr>
<td>Money laundering reporting function (CF11)</td>
<td>Money laundering reporting function (CF11)</td>
<td>All firms</td>
</tr>
<tr>
<td>Systems and controls function (CF28)</td>
<td>Systems and controls function (CF28)</td>
<td>FCA-authorised persons only</td>
</tr>
<tr>
<td>Significant management function (CF29)</td>
<td>Significant management function (CF29)</td>
<td>All firms</td>
</tr>
<tr>
<td>Customer function (CF30)</td>
<td>Customer function (CF30)</td>
<td>All firms</td>
</tr>
</tbody>
</table>

| TP 3.2 | Transition to the PRA |
3.2.1 R An approved person who was, as at cutover, approved by the FSA to perform, in relation to a PRA-authorised person, a controlled function specified by the FSA set out in column 1 of the table in SUP TP 3.2.2 R 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 firm.

3.2.2[R] Table: FSA controlled functions transitioned to the PRA

<table>
<thead>
<tr>
<th>FSA controlled function</th>
<th>PRA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director function (CF1)</td>
<td>Director function (CF1)</td>
</tr>
<tr>
<td>Non-executive director function (CF2)</td>
<td>Non-executive director function (CF2)</td>
</tr>
<tr>
<td>Chief executive function (CF3)</td>
<td>Chief executive function (CF3)</td>
</tr>
<tr>
<td>Partner function (CF4)</td>
<td>Partner function (CF4)</td>
</tr>
<tr>
<td>Director of unincorporated association function (CF5)</td>
<td>Director of unincorporated association function (CF5)</td>
</tr>
<tr>
<td>Small friendly society function (CF6)</td>
<td>Small friendly society function (CF6)</td>
</tr>
<tr>
<td>Actuarial function (CF12)</td>
<td>Actuarial function (CF12)</td>
</tr>
<tr>
<td>With-profits actuary function (CF12A)</td>
<td>With-profits actuary function (CF12A)</td>
</tr>
<tr>
<td>Lloyd’s actuary function (CF12B)</td>
<td>Lloyd’s actuary function (CF12B)</td>
</tr>
<tr>
<td>Systems and controls function (CF28)</td>
<td>Systems and controls function (CF28)</td>
</tr>
</tbody>
</table>

TP 3.3 Amalgamation of functions

3.3.1 G In the case of an FCA-authorised person, 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 FCA rule) applies to the same extent following cutover.

3.3.2 G In the case of a PRA-authorised person, 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 PRA rule) applies following cutover in relation to the systems and controls function.

3.3.3 G In the case of a PRA-authorised person, if a person 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 firm, the effect of SUP TP 3 is that he will deemed to be approved by the FCA for the apportionment and oversight function and by the PRA for the appropriate governing function in relation to that firm. SUP 10A.11.11 R (disapplication of the apportionment and oversight function if approved for a PRA governing function) and SUP 10B.7.3 R (functions making up the apportionment and oversight function if approved for a PRA governing function) do not apply.

TP 3.4 Changes to approved persons details

3.4.1 G Firms 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 approved persons and candidates and new information relating to them) apply to changes and new information as compared to the position before cutover.

3.4.2 G Firms 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 approved persons and candidates and new information relating to them) apply to changes and new information as compared to the position before cutover.

TP 3.5 Transitional provisions relating to bidding in emissions auctions
### 3.5.1 R [FCA]

SUP TP 3.5 deals with an approved person in relation to a PRA-authorised person who:

1. immediately before cutover, fell within SUP 10.6.2A R (FSA’s governing functions include certain functions relating to bidding in emissions auctions); and
2. immediately before cutover was not approved to perform the FSA’s customer controlled function in relation to that firm.

### 3.5.2 R [FCA]

SUP 10A.10.7 R (7) does not apply in relation to that person and that firm until that person stops performing that function.

### 3.5.3 G [FCA]

Under the FSA’s approved persons regime a person acting as a bidder’s representative within the meaning of subparagraph 3 of article 6(3) of the auction regulation did not require approval to perform the FSA’s customer controlled function if that person had approval for one of the FSA’s governing functions. If a person was in this position immediately before cutover, acting as a bidder’s representative is not included in the customer function following cutover. It is not included in any PRA controlled function either. This only applies in relation to the firm for which that person was performing that role immediately before cutover. Furthermore if that person stops performing that role and later takes it up again for the same firm he will require approval.

### 3.5.4 G [FCA]

This transitional does not apply in relation to an FCA-authorised person.

### TP 3.6 General

3.6.1[FCA] [PRA] G

References in SUP TP 3 to a person being approved for the purposes of section 59 of the Act (approval for particular arrangements) or being an approved person 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**

<table>
<thead>
<tr>
<th>5.1</th>
<th>Benchmark submitters or benchmark administrators: authorised firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.1 R</td>
<td>SUP TP 5.1 applies to a <em>firm</em> whose <em>permission</em> is varied by <a href="#">article 4</a> of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2015 (SI 2015/369) (Transitional provisions).</td>
</tr>
<tr>
<td>5.1.2 R</td>
<td>For the periods in SUP TP 5.1.3R:</td>
</tr>
<tr>
<td></td>
<td>(1) the <em>benchmark submission function</em> does not apply to a <em>benchmark submitter</em>; and</td>
</tr>
<tr>
<td></td>
<td>(2) the <em>benchmark administration function</em> does not apply to a <em>benchmark administrator</em>.</td>
</tr>
<tr>
<td>5.1.3 R</td>
<td>SUP TP 5.1.2R applies from 1 April 2015:</td>
</tr>
<tr>
<td></td>
<td>(1) until 15 April 2015; or</td>
</tr>
<tr>
<td></td>
<td>(2) if the <em>firm</em> applies for the relevant <em>controlled function</em> in SUP TP 5.1.2R by 15 April 2015, until its application for approval has been finally decided.</td>
</tr>
<tr>
<td>5.1.4 R</td>
<td>An application is finally decided for the purpose of SUP TP 5.1:</td>
</tr>
<tr>
<td></td>
<td>(1) when the application is withdrawn; or</td>
</tr>
<tr>
<td></td>
<td>(2) when the <em>appropriate regulator</em> grants the application for approval under section 62 of the Act (applications for approval: procedure and right to refer to the Tribunal); or</td>
</tr>
<tr>
<td></td>
<td>(3) where the <em>appropriate regulator</em> has refused an application and the matter is not referred to the <em>Tribunal</em>, when the time for referring the matter to the <em>Tribunal</em> has expired; or</td>
</tr>
<tr>
<td></td>
<td>(4) where the <em>appropriate regulator</em> has refused an application and the matter is referred to the <em>Tribunal</em>, when:</td>
</tr>
<tr>
<td></td>
<td>(a) if the reference is determined by the <em>Tribunal</em>, the time for bringing an appeal has expired; or</td>
</tr>
<tr>
<td></td>
<td>(b) on an appeal from a determination by the <em>Tribunal</em>, the court itself determines the application.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.2</th>
<th>Benchmark submitters or benchmark administrators: new firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.2.1 R</td>
<td>SUP TP 5.2 applies to a <em>firm</em> that is granted an “interim permission” under <a href="#">article 5</a> of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2014 (SI 2015/369) (Interim permission).</td>
</tr>
<tr>
<td>5.2.2 R</td>
<td>For the periods in SUP TP 5.2.3R, no <em>controlled function</em> applies.</td>
</tr>
<tr>
<td>5.2.3 R</td>
<td>SUP TP 5.2.2R applies from 1 April 2015:</td>
</tr>
<tr>
<td></td>
<td>(1) until 15 April 2015; or</td>
</tr>
<tr>
<td></td>
<td>(2) if the <em>firm</em> applies for any <em>controlled function</em> in SUP TP 5.1.2R by 15 April 2015, in respect of that <em>controlled function</em>, until the application for approval has been finally decided.</td>
</tr>
<tr>
<td>5.2.4 R</td>
<td>An application for approval of the performance of a <em>controlled function</em> is finally decided for the purpose of SUP TP 5.2 in the circumstances described in SUP TP 5.1.4R.</td>
</tr>
</tbody>
</table>
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 FCA Handbook and Glossary since the beginning of 2018. This is because it is made up of transitional provisions that mostly expired before then. |

| 6.1.1-2 G | (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 Glossary terms in SYSC TP 5 should be interpreted. |

#### Table: Meaning of superseded Glossary terms

<table>
<thead>
<tr>
<th>Term in SYSC TP 5</th>
<th>Term that has replaced it</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEA relevant authorised person</td>
<td>EEA SMCR banking firm</td>
</tr>
<tr>
<td>non-UK relevant authorised person</td>
<td>an EEA SMCR banking firm or a third-country SMCR banking firm</td>
</tr>
<tr>
<td>relevant authorised person</td>
<td>SMCR banking firm</td>
</tr>
<tr>
<td>third-country relevant authorised person</td>
<td>third-country SMCR banking firm</td>
</tr>
<tr>
<td>UK relevant authorised person</td>
<td>UK SMCR banking firm</td>
</tr>
</tbody>
</table>

#### Purpose and application

| 6.1.1 G | SUP TP 6 has transitional and grandfathering provisions relating to the changes to the approved persons regime made by Part 4 of the Financial Services (Banking Reform) Act 2013. |

| 6.1.2 R | SUP TP 6 applies to relevant authorised persons. |

| 6.1.3 G | SUP TP 6.10 has a glossary of terms used in SUP TP 6 which are not defined in the Glossary. |

#### Grandfathering of approved persons: mapping of old functions onto new

| 6.2.1 R | A firm must not include any of the following approved persons in a grandfathering notice: |

| (1) | an approved person whose approval is under SUP 10A.1.15R or SUP 10A.1.16R (appointed representatives) for that firm; |

| (2) | an approved person whose approval is to perform an FCA controlled function not listed in column one of the table in SUP TP 6.2.7R for that firm; or |

| (3) | an approved person if the firm has concluded that they will not be performing their potential new designated senior management function for the firm 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 rules 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 FCA controlled function on the commencement date. |

| (3) | An example of SUP TP 6.2.1R(3) is an approved person who plans to resign before the commencement date. |
If plans change, and the approved person in (3) plans to carry on performing the function, the firm should update the grandfathering notice.

The electronic version of the notification form will include approved persons in SUP TP 6.2.1R(3). However, that does not mean that the firm has included them in its notification. The names are supplied by the system to help the firm reconcile its records with the regulators’ records and to help the firm check whether it has missed out someone it wants to include.

If:
(a) SUP TP 6.2.1R applies to some of an approved person’s approvals or potential new designated senior management functions; but
(b) it does not apply to others; and
(c) as a result, some of the approved person’s existing functions are potentially grandfathered and some are not;

then the notification should:
(d) include the approved person; but
(e) exclude the approvals and potential new designated senior management functions in SUP TP 6.2.1R.

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.

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.

Paragraph (2) is subject to the PRA Transitional Rules.
[Note: article 17 of the Transitionals and Grandfathering Order]

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 approved person is deemed to be approved to perform:
(a) the other overall responsibility function (SMF18) for a UK relevant authorised person; or
(b) the other local responsibility function (SMF22) for a third-country relevant authorised person; and

(2) that approved person 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 firm;

then, for that approved person and that firm, 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]

The effect of SUP TP 6.2.4R is that a person 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 firm.

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]

Table of functions for grandfathering
<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current controlled function</td>
<td>New PRA-designated senior management function</td>
<td>New FCA-designated senior management function</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All firms apart from credit unions and non-UK relevant authorised persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following <strong>PRA controlled functions</strong>:</td>
</tr>
<tr>
<td>Director function (CF1)</td>
</tr>
<tr>
<td>Partner function (CF4)</td>
</tr>
<tr>
<td>Director of unincorporated association function (CF5)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The <strong>PRA’s non-executive director controlled function</strong> (CF2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Entity Senior Manager (SMF7)</td>
</tr>
<tr>
<td>Chair (SMF9)</td>
</tr>
<tr>
<td>Chair of the Risk Committee (SMF10)</td>
</tr>
<tr>
<td>Chair of the Audit Committee (SMF11)</td>
</tr>
<tr>
<td>Chair of the Remuneration Committee (SMF12)</td>
</tr>
<tr>
<td>Senior independent director (SMF14)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The <strong>significant management function</strong> (CF29)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Key Business Area (SMF6)</td>
</tr>
<tr>
<td>Group Entity Senior Manager (SMF7)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All firms to which the function in the first column applies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compliance oversight function</strong> (CF10)</td>
</tr>
<tr>
<td><strong>CASS operational oversight function</strong> (CF 10A)</td>
</tr>
<tr>
<td><strong>Money laundering reporting function</strong> (CF11)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Credit unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The <strong>PRA’s director controlled function</strong> (CF1)</td>
</tr>
<tr>
<td>Credit Union Senior Manager (SMF8)</td>
</tr>
<tr>
<td>Executive director function (SMF3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EEA relevant authorised persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>The <strong>PRA’s non-executive director controlled function</strong> (CF2)</td>
</tr>
<tr>
<td>Credit Union Senior Manager (SMF8)</td>
</tr>
<tr>
<td>Chair of the nominations committee function (SMF13)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Third-country relevant authorised persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>The <strong>significant management function</strong> (CF29)</td>
</tr>
<tr>
<td>None</td>
</tr>
<tr>
<td>EEA branch senior manager function (SMF21)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The <strong>PRA’s director function</strong> (CF1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The following PRA-designated senior management functions:</td>
</tr>
<tr>
<td>Chief Finance function (SMF2)</td>
</tr>
<tr>
<td>Executive director function (SMF3)</td>
</tr>
</tbody>
</table>
### Table: Grandfathering notifications

<table>
<thead>
<tr>
<th>Purpose of notification</th>
<th>Article of Transitionals and Grandfathering Order</th>
<th>Method of notification by firms other than credit unions</th>
<th>Method of notification by credit unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Notification of grandfathering</td>
<td>Article 2(1)</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP TP 6.3.6D</td>
</tr>
</tbody>
</table>

**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.

**Note (2):** This table does not apply to an approval under SUP 10A.1.15R or SUP 10A.1.16R (appointed representatives).
### Purpose of notification

<table>
<thead>
<tr>
<th>Purpose of notification</th>
<th>Article of Transitionals and Grandfathering Order</th>
<th>Method of notification by firms other than credit unions</th>
<th>Method of notification by credit unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2) Amendment to</td>
<td>Article 6(1)</td>
<td>SUP 10C.15.11R or SUP TP 6.3.6D</td>
<td></td>
</tr>
<tr>
<td>grandfathering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>notification in (1) to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>add a new approved</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>person</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Any other amend-</td>
<td>Article 6(1)</td>
<td>SUP 10C.15.11R or SUP TP 6.3.6D</td>
<td></td>
</tr>
<tr>
<td>ment to grandfathering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>notification in (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Notification of</td>
<td>Article 11</td>
<td>SUP 10C.15.11R or SUP TP 6.3.6D</td>
<td></td>
</tr>
<tr>
<td>applications for approval</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Amendment to</td>
<td>Article 14</td>
<td>SUP 10C.15.11R or SUP TP 6.3.6D</td>
<td></td>
</tr>
<tr>
<td>grandfathering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>notification in (4) to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>add a new candidate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6) Any other amend-</td>
<td>Article 14</td>
<td>SUP 10C.15.11R or SUP TP 6.3.6D</td>
<td></td>
</tr>
<tr>
<td>ment to grandfathering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>notification in (4)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes:

1. **SUP 10C.15.11R** does not apply if the electronic system referred to in that rule 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.

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### 6.3.4 D (1)

A firm 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 firm 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 approved persons) and row (4) (first grandfathering notification for candidates) 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 firm 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 firm notifies an application for approval and that application is refused before the commencement date, the firm 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 firm gives a grandfathering notification for an approved person 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 approved person or candidate covered by the notification.
### Grandfathering of approved persons: management responsibilities maps

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Type</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5.1 D</td>
<td>A notification under rows (1) and (4) of the table in SUP TP 6.3.3D (first grandfathering notification for approved persons and candidates) must be accompanied by a management responsibilities map.</td>
<td></td>
</tr>
<tr>
<td>6.5.2 G</td>
<td>(1) If there has been a change relating to any information in a management responsibilities map, the firm should submit a revised version.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2) This is the effect of articles 6 and 14 of the Transitionals and Grandfathering Order.</td>
<td></td>
</tr>
</tbody>
</table>

### Statements of responsibilities and responsibilities maps: general requirements

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Type</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.6.1 D</td>
<td>The statements of responsibilities and the management responsibilities map covered by SUP TP 6 must be prepared as of the commencement date.</td>
<td></td>
</tr>
<tr>
<td>6.6.2 D</td>
<td>(1) A statement of responsibilities must comply with the requirements of SUP 10C.11 (Statements of responsibilities).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2) However the version in SUP TP 6.11.1D applies instead of the version in SUP 10C Annex 5D.</td>
<td></td>
</tr>
<tr>
<td>6.6.3 G</td>
<td>A firm should not assume that the FCA has reviewed statements of responsibilities and the management responsibilities map for completeness, quality or accuracy. It is the firm’s responsibility to ensure that they have been prepared in accordance with the FCA’s rules and the Act.</td>
<td></td>
</tr>
</tbody>
</table>

### Criminal record checks for approved persons

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Type</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.7.1 R</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>6.7.2 G</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>6.7.3 G</td>
<td>SUP 10C.10.16R (Criminal record checks) will apply to any application for approval made under SUP TP 6.8.1D.</td>
<td></td>
</tr>
</tbody>
</table>

### Applications of approved persons to take effect from the commencement date

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Type</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.8.1 D</td>
<td>(1) A firm 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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2) Any application must be made between 1 January 2016 and the day before the commencement date.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3) Any such application is made on the basis that it is treated as being made on the commencement date.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(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).</td>
<td></td>
</tr>
<tr>
<td>6.8.2 G</td>
<td>The Transitionals and Grandfathering Order will not apply to an application under SUP TP 6.8.1D.</td>
<td></td>
</tr>
<tr>
<td>6.8.3 G</td>
<td>A firm 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.</td>
<td></td>
</tr>
</tbody>
</table>

### Application of ongoing requirements to documents submitted as part of grandfathering

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Type</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.9.1 R</td>
<td>(1) The requirements of the Handbook apply to approvals that are continued in force by the Transitionals and Grandfathering Order, as they do to approvals granted after the commencement date.</td>
<td></td>
</tr>
</tbody>
</table>
(2) The requirements of the Handbook 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 Handbook 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

<table>
<thead>
<tr>
<th>Requirement in SUP 10C</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 10C.11.7D</td>
<td>Revised statements of responsibilities</td>
<td>Article 8 of the Transitionals and Grandfathering Order says that the requirements in the Act about revised statements of responsibilities apply to approvals continued under the Order.</td>
</tr>
<tr>
<td>SUP 10C.11.10D</td>
<td>Varying an approval</td>
<td>Article 7 of the Transitionals and Grandfathering Order says that the requirements in the Act about variation of approvals at the request of the firm apply to approvals continued under the Order.</td>
</tr>
<tr>
<td>SUP 10C.13</td>
<td></td>
<td>The power of the FCA to vary an approval on its initiative applies to approvals continued under the Order.</td>
</tr>
<tr>
<td>SUP 10C.11.13D</td>
<td>Single statement of responsibilities</td>
<td>The parts of SUP 10C that deal with variation of approvals apply, including the requirements for applications by the firm to vary approvals.</td>
</tr>
<tr>
<td>Requirement in SUP 10C</td>
<td>Summary of the requirement in column (1)</td>
<td>How SUP 10C applies</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>SUP 10C.11.20R</td>
<td>Complete set of statements of responsibilities</td>
<td>Applies to statements of responsibilities covering approvals continued in force by the Transitionals and Grandfathering Order.</td>
</tr>
<tr>
<td>SUP 10C.11.12R</td>
<td>Statements of responsibilities to be included in notification</td>
<td>Takes into account statements of responsibilities submitted under the Transitionals and Grandfathering Order.</td>
</tr>
<tr>
<td>SUP 10C.14.5R</td>
<td>Notification of ceasing to perform the function</td>
<td>Applies to ceasing to carry on a function continued in force by the Transitionals and Grandfathering Order.</td>
</tr>
<tr>
<td>SUP 10C.14.7R</td>
<td>Qualified Form C</td>
<td><strong>Form D</strong></td>
</tr>
<tr>
<td>SUP 10C.14.13R</td>
<td>Changes to details</td>
<td>Applies to notification relating to fitness of an FCA-approved SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order.</td>
</tr>
<tr>
<td>SUP 10C.14.15R</td>
<td>Changes to arrangements</td>
<td>The Form D requirements also apply to a candidate whose application is continued in force by the Order.</td>
</tr>
<tr>
<td>SUP 10C.14.18R</td>
<td>Fitness</td>
<td>Before the commencement date, the existing requirements of SUP 10A apply to changes in a candidate’s fitness.</td>
</tr>
<tr>
<td>SUP 10C.14.22R</td>
<td>Notifications under the Act</td>
<td>Applies to notification about an FCA-approved SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order.</td>
</tr>
<tr>
<td>SUP 10C.14.28R</td>
<td>PRA-approved SMF manager</td>
<td>Applies to notification about an SMF manager whose approval is continued in force by the Transitionals and Grandfathering Order.</td>
</tr>
</tbody>
</table>

**General**

Requirements referring to a current approved person approval (whether from the FCA or the PRA)

Includes an approval that is continued in force by the Transitionals and Grandfathering Order.

Requirements referring to a current approved person approval held within the last six months

Applies to an approval that ceased to have effect under the Transitionals and Grandfathering Order within the last six months.
### Requirement in SUP 10C Summary of the requirement in column (1) How SUP 10C applies

<table>
<thead>
<tr>
<th>Requirement in SUP 10C</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Applies to an approval given up within the last six months even though the controlled function ceases to exist after the commencement date</td>
<td></td>
</tr>
</tbody>
</table>

**6.10.1 Terms used in SUP TP 6**

<table>
<thead>
<tr>
<th>Requirement in SUP 10C</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(in accordance with the Financial Services (Banking Reform) Act 2013 (Commencement No. 9) Order 2015 (SI 2015/490)) 7 March 2016</td>
<td></td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>commencement date</td>
<td>has the meaning in the new Glossary defined as the Financial Services (Banking Reform) Act 2013 (Commencement No. 9) Order 2015 (SI 2015/490) 7 March 2016</td>
</tr>
<tr>
<td>designated senior management function</td>
<td>has the meaning in the new Glossary</td>
</tr>
<tr>
<td>FCA-approved SMF manager</td>
<td>has the meaning in the new Glossary</td>
</tr>
<tr>
<td>grandfathering notice</td>
<td>a notice described in the table in SUP TP 6.3.3D (including any revised notice)</td>
</tr>
<tr>
<td>management responsibilities map</td>
<td>has the meaning in the new Glossary</td>
</tr>
<tr>
<td>other local responsibility function</td>
<td>has the meaning in the new Glossary</td>
</tr>
<tr>
<td>potential grandfathered function</td>
<td>(in relation to an approved person and firm at a particular date) a pre-commencement controlled function:</td>
</tr>
<tr>
<td></td>
<td>(1) for which that person has approval for the firm;</td>
</tr>
<tr>
<td></td>
<td>(2) for which there is an equivalent designated senior management function for the purposes of the Transitionals and Grandfathering Order; and</td>
</tr>
<tr>
<td></td>
<td>(3) that therefore, potentially qualifies for grandfathering under the Transitionals and Grandfathering Order (together with SUP TP 6.2 and the PRA Transitional Rules) for that firm, as long as the other conditions in the Transitionals and Grandfathering Order are met</td>
</tr>
<tr>
<td>potential new designated senior management function</td>
<td>(in relation to an approved person and firm) the new designated senior management function that is deemed to apply after the commencement date under the Transitionals and Grandfathering Order and is referred to in paragraph (2) of the definition of potential grandfathered function</td>
</tr>
<tr>
<td>PRA-approved SMF manager</td>
<td>has the meaning in the new Glossary</td>
</tr>
<tr>
<td>PRA-designated senior management function</td>
<td>has the meaning in the new Glossary</td>
</tr>
<tr>
<td>PRA Transitional Rules</td>
<td>The part of the PRA Rulebook called Senior Managers Regime – Transitionals</td>
</tr>
<tr>
<td>pre-commencement controlled function</td>
<td>(as at any time before the commencement date) an FCA controlled function or a PRA controlled function in force at that time</td>
</tr>
<tr>
<td>SMF manager statement of responsibilities</td>
<td>has the meaning in the new Glossary</td>
</tr>
<tr>
<td>SUP 10C (and any reference to a particular provision of SUP 10C)</td>
<td>chapter 10C of SUP as inserted by the FCA’s Individual Accountability Instrument 2015</td>
</tr>
</tbody>
</table>
---|---
Note: A reference in column 2 to the meaning in the new Glossary is to the meaning in the Glossary as inserted by the FCA’s Individual Accountability Instrument 2015.

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 

SUP TP 7 has transitional and grandfathering provisions relating to the changes to the approved persons 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):

1) requires all Solvency II firms before 8 February 2016 to give a notice to the appropriate regulator in respect of each person for whom that regulator has granted a pre-implementation approval in relation to the firm. The notice must specify the post-implementation functions that the person 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;

2) allows the FCA to specify classes of persons in respect of whom a notice is not required to be given to the FCA and in SUP TP 7.2.1R the FCA specifies that class of persons;

3) allows the FCA to make rules specifying the post-implementation controlled functions which are to be treated as equivalent to a pre-implementation controlled function for the purposes of that Order. In SUP TP 7.2.2R the FCA specifies the post-implementation FCA functions which are equivalent to PRA functions pre-implementation. The PRA has separately, in PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6, specified equivalent post-implementation PRA functions;

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

5) applies to large non-directive insurers. Large non-directive insurers are treated as, and included within the definition of, Solvency II firms by the FCA for SUP TP 7. Therefore large non-directive insurers must follow the requirements set out in SUP TP 7.

6) applies to Swiss general insurers. 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 SUP TP 7.

7.1.2 R 

SUP TP 7 applies to:

1) Solvency II firms; and

2) approved persons of Solvency II firms.
7.1.3 G There is a glossary of terms in SUP TP 7.6.1. Those terms are not defined in the Glossary.

Grandfathering of approved persons: requirement to give notice and equivalence of old and new functions

7.2.1 R (1) A Solvency II firm is not required to give notice to the FCA 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 approved person for whom the FCA granted a pre-implementation approval in relation to that firm and whose role will not change post-implementation.

(2) The exception to (1) is approved persons:

(a) for whom the FCA granted a pre-implementation approval to perform the significant management function (CF29); and

(b) who are proposing to perform one of the PRA “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 Solvency II firm is required to give notice to the FCA 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 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 (SI 2015/492)]

7.2.3 R Table: Old PRA controlled functions mapped onto new FCA ones

<table>
<thead>
<tr>
<th>Current controlled function</th>
<th>New FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRA Director function (CF1)</td>
<td>FCA Director function (CF1) (see Note 1)</td>
</tr>
<tr>
<td>PRA Director of unincorporated association (CF5)</td>
<td>FCA Director of unincorporated association (CF5) (see Note 1) (executive only)</td>
</tr>
<tr>
<td></td>
<td>Chair of the nomination committee function (CF2a) (see Note 2)</td>
</tr>
<tr>
<td></td>
<td>Chair of the with-profits committee function (CF2b) (see Note 2)</td>
</tr>
<tr>
<td>PRA Small friendly society function (CF6)</td>
<td>FCA Small friendly society function (CF6) (see Note 1) (executive only)</td>
</tr>
<tr>
<td></td>
<td>Chair of the nomination committee function (CF2a) (see Note 2)</td>
</tr>
<tr>
<td></td>
<td>Chair of the with-profits committee function (CF2b) (see Note 2)</td>
</tr>
<tr>
<td>PRA Non-Executive Director function (CF2)</td>
<td>Chair of the nomination committee function (CF2a) (see Note 2)</td>
</tr>
<tr>
<td>PRA Non-Executive Director function (CF2)</td>
<td>Chair of the with-profits committee function (CF2b) (see Note 2)</td>
</tr>
</tbody>
</table>
**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

<table>
<thead>
<tr>
<th>Current controlled function</th>
<th>New FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRA Director function (CF1)</td>
<td>FCA Director function (CF1) (see Note 1)</td>
</tr>
<tr>
<td>PRA Non-Executive Director function (CF2)</td>
<td>Chair of the nomination committee function (CF 2a) (see Note 2)</td>
</tr>
<tr>
<td>PRA Non-Executive Director function (CF2)</td>
<td>Chair of the with-profits committee function (CF 2b) (see Note 2)</td>
</tr>
<tr>
<td>PRA Systems and Controls function (CF 28)</td>
<td>FCA systems and controls function (CF 28) (conduct perspective only) (see Note 3)</td>
</tr>
</tbody>
</table>

**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.

### 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.

<table>
<thead>
<tr>
<th>Current controlled function</th>
<th>New FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRA Director function (CF1)</td>
<td>FCA Director function (CF1) (See Note 1)</td>
</tr>
<tr>
<td>PRA Actuary function holder (CF 12)</td>
<td>Actuarial conduct function (third country) (CF 51) (conduct perspective only) (see Note 3)</td>
</tr>
<tr>
<td>PRA Systems and Controls function (CF 28)</td>
<td>FCA systems and controls function (CF 28) (conduct perspective only) (see Note 3)</td>
</tr>
</tbody>
</table>

7.2.4 G In TP 7.2.3R, 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: Solvency II firms: Senior Insurance Managers Regime Transitional Provisions, rule 6, (or in relation to FCA functions CF2a or 2b, a PRA function equivalent to the pre-implementation PRA CF2
function) then, if they would also be performing an FCA function referred to in column 2 of the Table in TP 7.2.3R, the FCA function is disapplying and instead absorbed into that PRA function. This absorption happens by virtue of its inclusion in PRA Rulebook: 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 2.2.4R, when that record is produced. The exception to this is CF28 and CF51 FCA post-implementation functions which are not absorbed into PRA controlled functions.

7.2.5 R Large non-directive firms must read references to the ‘Solvency II Firms’ part of the PRA Rulebook as if they were references to the corresponding part of the PRA Rulebook applicable to large non-directive insurers.

7.2.5A R Swiss general insurers must read references to the ‘Solvency II firms’ part of the PRA Rulebook as if they were references to the corresponding part of the PRA Rulebook applicable to large non-directive insurers.

Grandfathering of approved persons: forms

7.3.1 D This section (SUP TP 7.3) 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 7.3.2D.

7.3.2 D Table: Grandfathering notifications

<table>
<thead>
<tr>
<th>Purpose of notification</th>
<th>Article of Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Notification of pre-implementation approval</td>
<td>Article 2(1), article 5</td>
</tr>
<tr>
<td>(2) Amendments to grandfathering notification in (1)</td>
<td>Article 6</td>
</tr>
<tr>
<td>(3) Notification of applications for approval</td>
<td>Article 11</td>
</tr>
<tr>
<td>(4) Amendment to grandfathering notification in (1) to add a new candidate</td>
<td>Article 14</td>
</tr>
<tr>
<td>(5) Any other amendment to grandfathering notification in (1)</td>
<td>Article 14</td>
</tr>
</tbody>
</table>

7.3.3 D (1) A firm 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 insurers.

(2) A firm must use the version of the grandfathering notification form made available online at fca.org.uk on the FCA and PRA’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 firm 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 firm must make any notification in rows (2), (4) and (5) by updating the notification form online at fca.org.uk on the FCA and PRA’s ONA electronic system (known as Connect).

(5) For approved persons in firms which are carrying out PRA controlled function CF1 pre-implementation and who will continue to carry out FCA controlled function CF1 post-implementation (and no PRA controlled functions), and there are no other changes to the functions they carry out, notification and relevant information in relation to the FCA CF1 function is deemed to have been given to the FCA, unless the firm has submitted a Form C.

(6) Large non-directive insurers 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 large non-directive insurers.
(7) Swiss general insurers 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 Swiss general insurers.

7.3.4 G If a firm notifies an application for approval and that application is refused before the commencement date, the firm should update the notification under row (5) of the table in SUP TP 7.3.2D.

7.3.5 G If a firm gives a grandfathering notification for an approved person 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 7.

Applications of approved persons to take effect from the 7 March 2016

7.4.1 D (1) A firm may apply for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of a controlled function 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 firm 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 rules 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-implementation controlled functions: an FCA controlled function or a PRA controlled function 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; if made on different days, the last day on which the rules are made. Under the Order the rule making date for large non-directive insurers is the same as that for small non-directive insurers.

- Solvency II firm: a firm 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: Swiss general insurers must use the forms for large non-directive insurers not the form for Solvency II firms
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 SUP TP 8 has transitional and grandfathering provisions relating to the changes to the approved persons 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):

1. requires small non-directive insurers before 8 February 2016 to give a notice to the appropriate regulator in respect of each person for whom that regulator has granted a pre-implementation approval in relation to the firm. The notice must specify the post-implementation functions that the person 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;

2. allows the FCA to specify classes of persons in respect of whom a notice is not required and in SUP TP 8.2.1R, for small non-directive insurers, the FCA specifies that class of persons;

3. allows the FCA to make rules specifying the post-implementation controlled functions which are to be treated as equivalent to a pre-implementation controlled function for the purposes of that Order. In SUP TP 8.2.2R, for small non-directive insurers, the FCA specifies the post-implementation FCA functions which are equivalent to PRA functions pre-implementation. The PRA has separately, in PRA Rulebook: Non-Solvency II firms: Non-Solvency II firms - Senior Insurance Managers Regime: Transitional Provisions 6, specified equivalent post-implementation PRA functions;

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

5. applies to large non-directive insurers. Large non-directive insurers are included in the definition of Solvency II firms for the purposes of grandfathering. Therefore, SUP TP 7 applies to large non-directive insurers instead of SUP TP 8.

8.1.2 R SUP TP 8 applies to:

1. small non-directive insurers; and

2. approved persons of firms in (1).

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 A firm is not required to give notice to the FCA 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 approved person for whom the FCA granted a pre-implementation approval in relation to that firm.

[Note: see article 2(2) of the Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015]
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

<table>
<thead>
<tr>
<th>Current controlled function</th>
<th>New FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRA Director function (CF1)</td>
<td>FCA Director function (CF1)</td>
</tr>
<tr>
<td>PRA Chief Executive Function (CF3)</td>
<td>FCA Chief Executive Function (CF3)</td>
</tr>
<tr>
<td>PRA Director of unincorporated association function (CF5)</td>
<td>FCA Director of unincorporated association function (CF5) (executive only)</td>
</tr>
<tr>
<td>PRA Small friendly society function (CF6)</td>
<td>FCA Small friendly society function (CF6) (executive only)</td>
</tr>
</tbody>
</table>

Note: 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 the 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 disappplied 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

<table>
<thead>
<tr>
<th>Purpose of notification</th>
<th>Article of Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Notification of pre-implementation approval</td>
<td>Article 2(1), 5</td>
</tr>
<tr>
<td>(2) Amendments to grandfathering notification in (1)</td>
<td>Article 6</td>
</tr>
<tr>
<td>(3) Notification of applications for approval</td>
<td>Article 11</td>
</tr>
<tr>
<td>(4) Amendment to grandfathering notification in (1) to add a new candidate</td>
<td>Article 14</td>
</tr>
<tr>
<td>(5) Any other amendment to grandfathering notification in (1)</td>
<td>Article 14</td>
</tr>
</tbody>
</table>

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 firm notifies an application for approval and that application is refused before the commencement date, the firm should update the notification under row (5) of the table in SUP TP 8.3.2D.

8.3.5 G If a firm gives a grandfathering notification for an approved person 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 in addition to SUP TP 8.

8.4 Applications of approved persons to take effect from 7 March 2016

8.4.1 D (1) A firm may apply for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of a controlled function 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 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.

8.4.2 G The Financial Services (Banking Reform) Act 2013 Transitional and Savings Provisions Order 2015 will not apply to an application under SUP TP 8.4.1D.

8.4.3 G A firm does not have to make an application under SUP TP 8.4.1D. It can make an application between the rule-making date and 7 March 2016 under the rules 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 (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 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 8.

8.6.1 R Glossary of terms used in SUP TP 8

- pre-implementation controlled functions: an FCA controlled function or a PRA controlled function 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 FCA and the PRA make rules under article 17 of the Order or, if made on different days, the last day on which the rules are made.
- Solvency II firm: has the same meaning as in SUP TP 7.6.1R.

[Note: References to rules in SYSC and SUP 10A are to those rules as they will be in force on 7 March 2016.]

8.7.1 D Form K: Grandfathering notification
Supervision

**SUP TP 9**

Transitional Provisions in relation to the MiFID Regulation

<table>
<thead>
<tr>
<th>9.1</th>
<th>Continuing obligations under the MiFID Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1.1</td>
<td>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 <em>firm</em> must comply:</td>
</tr>
<tr>
<td></td>
<td>(a) the <em>MiFID Regulation</em>; or</td>
</tr>
<tr>
<td></td>
<td>(b) a <em>rule</em> under SUP 17 (Transaction reporting).</td>
</tr>
<tr>
<td></td>
<td>(2) As at 2 January 2018, a <em>firm</em> 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.</td>
</tr>
<tr>
<td>9.1.2</td>
<td>R A <em>firm</em> remains obliged to comply with the obligation, requirement or <em>rule</em> referred to in SUP TP 9.1.1R(1)(a) and (b) until such time as effective compliance is achieved.</td>
</tr>
<tr>
<td>9.1.3</td>
<td>R SUP 15 (Notifications to the FCA) continues to apply in respect of a breach of a requirement or a <em>rule</em> referred to in SUP TP 9.1.1R.</td>
</tr>
</tbody>
</table>

**Purpose**

9.1.4 G The purpose of SUP TP 9.1.1R is to ensure that, as appropriate, *firms*:

(1) comply with the provisions of the *MiFID Regulation* 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 *MiFID Regulation* on 3 January 2018.
Supervision

SUP TP 10

Benchmarks Regulation Transitional Provisions

10.1 Purpose and application
10.1.1 SUP TP 10 contains transitional provisions relating to the changes to the Regulated Activities Order which have been made as a result of the benchmarks regulation.
10.1.2 This TP applies to all firms.
10.2 Overview
10.2.1 The benchmarks regulation applies from 1 January 2018.
(2) Article 34 of the benchmarks regulation requires the administrator of a benchmark to be authorised or registered. There is no corresponding requirement in relation to benchmark contributors.
(3) In the UK, the requirement for administrators to be authorised or registered has been given effect through the introduction of a new regulated activity (administering a benchmark) which replaces the regulated activity of administering a specified benchmark.
(4) The UK Benchmarks Regulations 2018 therefore make various changes as a result of the benchmarks regulation including the following:
(a) they introduce a new regulated activity: administering a benchmark (article 63S of the Regulated Activities Order);
(b) regulation 59 provides that a person who carries on the regulated activity of administering a specified benchmark (article 63O(1)(b) of the Regulated Activities Order) without permission to carry on that activity is not by virtue of section 20(1) of the Act to be taken to have contravened a requirement imposed by the FCA if that person has permission to carry on the new regulated activity of administering a benchmark (article 63S(1) of the Regulated Activities Order);
(c) regulation 60 provides that a person who carries on the regulated activity of providing information in relation to a specified benchmark (benchmark B) (article 63O(1)(a) of the Regulated Activities Order) without permission to carry on that activity:
(i) does not contravene the general prohibition; and
(ii) is not by virtue of section 20(1) or (1A) of the Act to be taken to have contravened a requirement imposed by the FCA,
if the administrator of benchmark B has permission to carry on the new regulated activity of administering a benchmark (article 63S(1) of the Regulated Activities Order); and
(d) Part 7 of the UK Benchmarks Regulations 2018 contains various transitional provisions to reflect those in article 51 of the benchmarks regulation.
10.2.2 The effect of the changes in SUP TP 1.2.1G(4)(a) to (c) is as follows.
(2) A firm which, immediately before 1 January 2018, had a Part 4A permission in relation to administering a specified benchmark continues to require that Part 4A permission until the earlier of such time as:
(a) it obtains a Part 4A permission in relation to the new regulated activity of administering a benchmark; or

(b) it stops administering a specified benchmark.

(3) A firm which, immediately before 1 January 2018, had a Part 4A permission in relation to providing information in relation to a specified benchmark continues to require that Part 4A permission in respect of the relevant specified benchmark until the earlier of such time as:

(a) the administrator of the relevant specified benchmark obtains a Part 4A permission in relation to the new regulated activity of administering a benchmark;

(b) the firm stops providing information in relation to a specified benchmark.

(4) Persons who administer, contribute input data to or use a benchmark should also note the transitional provisions in Part 7 of the UK Benchmarks Regulations 2018 and article 51 of the benchmarks regulation.

10.2.3 G The above means that:

(1) (a) A firm (A) which, prior to 1 January 2018, had a Part 4A permission to administer a specified benchmark (a benchmark administrator) and which wishes to continue administering that benchmark, will need to apply for a Part 4A permission in relation to administering a benchmark (subject to the transitional provisions in Part 7 of the UK Benchmarks Regulations 2018 and article 51 of the benchmarks regulation).

(b) A’s existing Part 4A permission for administering a specified benchmark will be removed when it obtains the new Part 4A permission.

(c) Until that point, A will continue to be subject to the rules which applied to benchmark administrators immediately prior to 29 June 2018.

(2) A firm which wishes to start administering a benchmark will need to apply for a Part 4A permission in relation to administering a benchmark (subject to the transitional provisions in Part 7 of the UK Benchmarks Regulations 2018 and article 51 of the benchmarks regulation).

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 rules which applied to benchmark administrators (in their capacity as such) before 29 June 2018 will continue to apply to those firms until their Part 4A permission in relation to administering a specified benchmark has been removed or (where applicable) they have been authorised to administer a benchmark.

(2) That includes some rules 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 rules in the Supervision manual continue to apply and how.

<table>
<thead>
<tr>
<th></th>
<th>(2) Material to which the transitional provision applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SUP 3.1.1R</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>(4) Transitional provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>From 29 June 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>(5) Transitional provision: dates in force</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Already in force</td>
</tr>
<tr>
<td>10.3.2</td>
<td>(1)</td>
</tr>
<tr>
<td>-------</td>
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</tr>
<tr>
<td>2</td>
<td>SUP 10A.4.4R R and SUP 10A.7.1.13R</td>
</tr>
<tr>
<td>3</td>
<td>SUP 10A.8.2R R</td>
</tr>
<tr>
<td>10.3.2</td>
<td>(1)</td>
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</tbody>
</table>
Supervision

**SUP TP 11**
Bank of England and Financial Services Act 2016: Approved persons in insurers

### Application and purpose

<table>
<thead>
<tr>
<th>SUP TP</th>
<th>Application and purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.1.1</td>
<td>R (1) SUP TP 11 applies to SMCR insurance firms.</td>
</tr>
<tr>
<td>11.1.1</td>
<td>(2) SUP TP 11.15 applies to every firm.</td>
</tr>
<tr>
<td>11.1.2</td>
<td>G (1) SUP TP 11 has transitional provisions relating to the changes to the approved persons regime made by Part 2 of the Bank of England and Financial Services Act 2016 and the Individual Accountability (Dual-Regulated Firms) Instrument 2018.</td>
</tr>
<tr>
<td>11.1.2</td>
<td>(2) In particular, it has procedures for converting existing approvals for the performance of controlled functions into approvals for the corresponding designated senior management functions.</td>
</tr>
<tr>
<td>11.1.3</td>
<td>G (1) The main time period for which SUP TP 11 operates is 2018.</td>
</tr>
<tr>
<td>11.1.3</td>
<td>(2) There are transitional provisions that can apply beyond that period. They are based on events occurring during that period.</td>
</tr>
<tr>
<td>11.1.4</td>
<td>G Most of SUP TP 11 relates SUP 10C.</td>
</tr>
<tr>
<td>11.1.5</td>
<td>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.</td>
</tr>
</tbody>
</table>

### Conversion of existing approvals

If the conditions set out in SUP TP 11.2.2R are met, a pre-implementation approval in relation to a particular approved person (AP) and a particular SMCR insurance firm (F) has effect on and after the commencement date as if it had been given in relation to the FCA-designated senior management function or FCA-designated senior management functions specified in SUP TP 11.2.2R(2) and (3).

Those conditions are:

1. the pre-implementation approval is in effect in relation to F:
   1. (in the case of a notifying firm) at the firm specific date; and
   2. immediately before the commencement date;
2. AP is performing an FCA-designated senior management function in relation to F on the commencement date;
3. the pre-implementation approval in (1) is potentially convertible into approval for the FCA-designated senior management function in (2); and
4. (in the case of a notifying firm) F has notified the FCA:
   1. before the commencement date;
A pre-implementation approval is potentially convertible into approval for an FCA-designated senior management function if a single row within the applicable part of the mapping table in SUP TP 11.2.5R contains both:

(a) the pre-implementation controlled function for which that pre-implementation approval was given; and
(b) that FCA-designated senior management function.

An approval for a pre-implementation controlled function excluded from SUP TP 11 by SUP TP 11.4.2R is not potentially convertible into approval for any FCA-designated senior management function.

An approval for a pre-implementation controlled function is not potentially convertible into approval for an FCA-designated senior management function in relation to a firm if either that pre-implementation controlled function or that FCA-designated senior management function does not apply to the firm.

Part One (non-notifying firms)

<table>
<thead>
<tr>
<th>Pre-Implementation Controlled Function</th>
<th>New FCA-designated senior management function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director function</td>
<td>Executive functions</td>
</tr>
<tr>
<td>Chief executive function</td>
<td>Executive director function</td>
</tr>
<tr>
<td>Director of unincorporated association function</td>
<td>Executive director function</td>
</tr>
<tr>
<td>Small friendly society function</td>
<td>Executive director function</td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>Compliance oversight function</td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>Money laundering reporting function</td>
</tr>
</tbody>
</table>

Part Two (notifying firms)

<table>
<thead>
<tr>
<th>Pre-Implementation Controlled Function</th>
<th>New FCA-designated senior management function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director function</td>
<td>Executive functions</td>
</tr>
<tr>
<td>(a) Executive director function</td>
<td></td>
</tr>
<tr>
<td>(b) Conduct risk oversight (Lloyd’s) function</td>
<td></td>
</tr>
<tr>
<td>Director of unincorporated association function</td>
<td>Executive director function</td>
</tr>
<tr>
<td>Small friendly society function</td>
<td>Executive director function</td>
</tr>
<tr>
<td>Oversight functions</td>
<td></td>
</tr>
<tr>
<td>Function</td>
<td>Required functions</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Chair of the nomination committee function</td>
<td>Chair of the nomination committee function</td>
</tr>
<tr>
<td>Chair of the with-profits committee function</td>
<td>Chair of the with-profits committee function</td>
</tr>
<tr>
<td>Systems and controls function</td>
<td>Systems and controls</td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>Compliance oversight function</td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>Money laundering reporting function</td>
</tr>
<tr>
<td>CASS operational oversight function</td>
<td>(a) Other overall responsibility function</td>
</tr>
<tr>
<td></td>
<td>(b) Other local responsibility function</td>
</tr>
<tr>
<td>Significant management function</td>
<td>(a) Other overall responsibility function</td>
</tr>
<tr>
<td></td>
<td>(b) Other local responsibility function</td>
</tr>
<tr>
<td></td>
<td>(c) EEA branch senior manager function</td>
</tr>
</tbody>
</table>

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 pre-implementation controlled function does not apply to a *firm* immediately before the commencement date, the applicable row of the table in SUP TP 11.2.5R does not apply to it either.

### SUP TP 11.2.7

**G**

(1) The general principle is that a pre-implementation approval cannot be converted to approval for an FCA-designated senior management function if that FCA-designated senior management function will not apply to the *firm* or to the particular approved person on the commencement date.

(2) For example, if none of the FCA-designated senior management functions in a row of the table in SUP TP 11.2.5R apply to a *firm* on the commencement date, that row does not apply to the *firm*.

### SUP TP 11.2.8

**G**

Another example of the principle in SUP TP 11.2.7G is that if:

(1) the result of SUP TP 11.2 would otherwise be that an approved person is deemed to be approved to perform the other overall responsibility function or the other local responsibility function; and

(2) either that approved person:

(a) is deemed by SUP TP 11.2 to be approved to perform any other FCA-designated senior management function for the same *firm*; or

(b) has approval to perform a PRA controlled function for the same *firm*;

that approved person’s pre-implementation approval will not be converted into approval for the other overall responsibility function or the other local responsibility function (whichever is applicable).

### SUP TP 11.2.9

**R**

(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 approved person if the *firm* does not include a statement of responsibilities about that approved person with the notification when required to do so by SUP TP 11.11.
A notification to the FCA is not to be taken into account for the purposes of SUP TP 11.2.2R(4) if the firm does not include a management responsibilities map with the notification when required to do so by SUP TP 11.12.

**SUP TP 11.2.10**

**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 final notification date is a breach of the requirements of SUP TP 11; but
2. Despite that breach, the pre-implementation approval can still be converted into an approval for the applicable FCA-designated senior management function as long as it is received before the commencement date.

**SUP TP R 11.2.11**

1. This rule applies to a firm (referred to as 'B' in this rule) in relation to an approved person (referred to as 'AP' in this rule) if:
   a. immediately before the commencement date, AP is treated under SUP 10A.11.12R (The main rule) as not performing an FCA governing function for B;
   b. Approval for that FCA governing function is potentially convertible into approval for an FCA-designated senior management function;
   c. That FCA-designated senior management function is an FCA governing function; and
   d. AP would be performing that FCA-designated senior management function in relation to B on the commencement date but for this rule.

2. SUP 10C.9.8R (The main rule) applies in relation to AP, B and the FCA-designated senior management function in (1) from the commencement date so that:
   a. That FCA-designated senior management function is treated as a ‘particular’ FCA governing function in SUP 10C.9.8R; and
   b. The functions included in what would have been that FCA governing function are treated as a potential FCA governing function 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 commencement date.

**SUP TP G 11.2.12**

1. SUP 10A.11.12R and SUP 10C.9.8R say that a person performing a PRA controlled function does not need approval for carrying on an FCA governing function if certain conditions are met.

2. The effect of SUP TP 11.2.11R is that if immediately before the commencement date, an approved person 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 PRA controlled function.

**SUP R 11.2.13**

The notes to the tables in SUP TP 7.2.3R and SUP TP 8.2.3R continue to apply after the commencement date to the FCA-designated senior management function that corresponds to the pre-implementation controlled function to which those notes apply.

**SUP G 11.2.14**

SUP TP 7.2.3R and SUP TP 8.2.3R deal with the absorption of certain FCA controlled functions into PRA controlled functions. SUP TP 11.2.13R allows those arrangements to continue after the commencement date so that the SMF manager continues to be treated as not performing an FCA controlled function.
Effect of conversion

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.

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).

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.

Lapse of existing approvals and special provisions about appointed representatives

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 does not apply to a pre-implementation approval that has effect under SUP 10A.1.15R to SUP 10A.1.16AR (appointed representatives).

An approval excluded from SUP TP 11 by SUP TP 11.4.2R continues in force and is not affected by SUP TP 11.

Notification to the FCA: Initial notification

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).

A firm must make the notification in (1) before the final notification date.

SUP TP 11.10 explains how the firm should make the notification.

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.

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.

A firm should not include a pre-implementation approval if:
(a) it is potentially convertible into an FCA-designated senior management function; but

(b) the firm considers that the approved person will not be performing that FCA-designated senior management function on the commencement date.

(4) Therefore, a firm should not include an approved person who plans to resign before the commencement date if it is intended that they will have left the firm before then.

(5) A firm should not include a pre-implementation approval if SUP TP 11.4.2R says that SUP TP 11 does not apply to it.

SUP TP G

If the firm considers that some of an approved person’s pre-implementation approvals will be converted and some will not be, the firm’s notification should:

(1) include the approved person; but

(2) exclude the approvals that will not be converted.

SUP TP 11.6

Notification to the FCA: Revision of initial notice

(1) This rule applies if, before the commencement date:

(a) there is a change relating to information given in or accompanying a notification that the firm has previously made under SUP TP 11.5 (or a notification given under SUP TP 11.6); or

(b) the firm giving the notice discovers that any part of that information is inaccurate.

(2) Where circumstances described in (1) occur before the final notification date, the firm must submit a revision of the notice referred to in (1) to the FCA before the final notification date.

(3) Where circumstances described in (1) occur between the final notification date and the commencement date, the firm must submit a revision of the notice referred to in (1) to the FCA before the commencement date.

SUP TP 11.10 explains how the firm should make the revised notification.

SUP TP 11.6.2

(1) This paragraph SUP TP 11.6.3G gives examples of when a firm should revise its SUP TP 11.5 notice under SUP TP 11.6.

(2) A firm need not include in a notification under SUP TP 11.5 an approved person who plans to leave the firm before the commencement date. However that plan may change and as a result the firm may later conclude that the approved person will carry on with their job after the commencement date. If so, the firm should revise the notice.

(3) If, after the notice to the FCA, the FCA grants an approval under section 59 of the Act (Approval for particular arrangements) to someone who did not have any such approval for the firm at the time of the notice, the firm should revise its notice by including that new approved person and that new pre-implementation approval.

(4) If, after a firm has given the notice to the FCA, the FCA grants a new approval under section 59 of the Act to someone who already was an approved person for the firm when the firm gave the notice to the FCA, the firm should revise its notice by including that new pre-implementation approval.

(5) If a firm includes an approved person in a notification under SUP TP 11.5 and the firm later concludes that that person’s pre-implementation approval will no longer qualify for conversion because that person will not be performing the relevant FCA-designated senior management function, the firm should revise its notice to exclude that person and the pre-implementation approval.
function for the firm on the commencement date, the firm should revise its notice. Possible reasons for this include:
(a) the approved person leaves the firm;
(b) the approved person tells the firm they are going to leave the firm before the commencement date; or
(c) the approved person’s job changes so that it will no longer involve performing an FCA-designated senior management function on the commencement date.

(6) There is no need to include information about the matters set out in SUP TP 11.5.3G.

If a firm gives a notification to the FCA under SUP TP 11.5 about an approved person and that approved person later leaves the firm or gives up performing some of their pre-implementation controlled functions before the commencement date, the firm should notify the FCA using Form C or Form E under SUP 10A as well as a Form K under SUP TP 11.10.

In-flight applications: Conversion

A pre-implementation application by a firm that has not been determined or withdrawn by the commencement date is to be treated, on and after the commencement date, as if it had been made for the corresponding FCA-designated senior management function or FCA-designated senior management functions (if there are any).

If a firm is required to notify a pre-implementation application to the FCA under SUP TP 11.8R, (1) only applies to a corresponding FCA-designated senior management function if the firm has included in that notification:
(a) that pre-implementation application; and
(b) that FCA-designated senior management function.

An FCA-designated senior management function “corresponds” to a pre-implementation controlled function if approval for the latter is potentially convertible into approval for the former and “corresponding” must be interpreted accordingly.

SUP TP 11.7.3R is subject to any amendment the firm may make to the application before the commencement date to specify that on the commencement date:
(1) the pre-implementation application is to lapse; or
(2) the pre-implementation application is to be treated as only being for some of the FCA-designated senior management functions.

SUP TP 11.8.3G explains what FCA-designated senior management functions are covered by SUP TP 11.7.1R(2).

SUP TP 11.7.3R is not the only way a firm may change the effect of SUP TP 11.7.

After the commencement date a firm is free to amend its application in accordance with the Act and the FCA Handbook.

Before the commencement date, a firm is free to amend its application in accordance with the Act and the FCA Handbook by changing the pre-implementation controlled function for which it is applying. That will affect the corresponding FCA-designated senior management function. If the firm amends its application in this way it should notify the FCA under SUP TP 11.8 as well as under SUP 10A.

Subject to SUP TP 11.7.7R, a pre-implementation application lapses on the commencement date unless it is continued in force by SUP TP 11.7.
### SUP TP 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 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 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 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 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 final notification date, the firm must submit a revision of the notice referred to in (1) or (2) to the FCA before the final notification date.

(4) Where circumstances described in (1) or (2) occur between the final notification date and the commencement date, the firm must submit a revision of the notice referred to in (1) or (2) to the FCA before the commencement date.

SUP TP 11.10 explains how the firm should make the notification.

If a firm notifies the FCA under SUP TP 11.8 of a pre-implementation application and that application is granted or refused before the commencement date, the firm should revise its notification under SUP TP 11.8.4R and, if applicable, SUP TP 11.6.

This rule applies if, in relation to a pre-implementation application continued in effect after the commencement date under SUP TP 11.7, the FCA has before the commencement date:

(a) imposed a requirement under section 60 of the Act (Application for approval);

(b) given a warning notice under section 62(2) of the Act (Applications for approval: procedure and right to refer to tribunal) or a decision notice 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 warning notice or decision notice under section 62.

The requirement, notice or step in (1) is to be treated, on and after the commencement date, as having been imposed, given or taken in relation to the application as affected by SUP TP 11.7.

A firm 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.

A firm 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).

A firm must make a notification or submit a document to the FCA under SUP TP 11 in accordance with SUP 10C.15.11R(1) and (3) (Method of submission: electronic submission).

A firm 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.

A firm 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.

If a firm discovers after the commencement date that any information it has given under SUP TP 11 is inaccurate it should notify the FCA as described in SUP 15.6 (Inaccurate, false or misleading information). If SUP TP 11.17.6R applies, the firm should notify the FCA under that rule instead.

A firm 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.

A firm 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.

If a firm discovers after the commencement date that any information it has given under SUP TP 11 is inaccurate it should notify the FCA as described in SUP 15.6 (Inaccurate, false or misleading information). If SUP TP 11.17.6R applies, the firm should notify the FCA under that rule instead.

A firm 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.

A firm 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.
The table in SUP TP 11.11.2G explains when a *firm* is required to prepare a **statement of responsibilities** as part of the transitional arrangements in SUP TP 11 and whether it is required to send it to the **FCA**.

### Table: Preparing statements of responsibilities and sending them to the FCA

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Non-notifying firm</th>
<th>Notifying firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is a <em>firm</em> required to prepare a statement of responsibilities for their transitioned SMF managers?</td>
<td>Yes. The insurance firms commencement SI requires this.</td>
<td>Yes. The insurance firms commencement SI requires this.</td>
</tr>
<tr>
<td>A <em>firm</em> should have prepared it by or soon after the commencement date.</td>
<td>Yes. The Act requires this.</td>
<td>Yes. The Act and SUP TP 11.11.3R require this.</td>
</tr>
<tr>
<td>Is a <em>firm</em> required to send it to the FCA?</td>
<td>No</td>
<td>Yes. See SUP TP 11.11.3R.</td>
</tr>
<tr>
<td>Is a <em>firm</em> required to prepare a statement of responsibilities for a pre-implementation application by the <em>firm</em> that has been converted into an application for approval for the performance of an FCA-designated senior management function under SUP TP 11.7?</td>
<td>Yes. See SUP TP 11.11.4R.</td>
<td>Yes. See SUP TP 11.11.3R.</td>
</tr>
<tr>
<td>Is a <em>firm</em> required to send it to the FCA?</td>
<td>Yes. The Act and SUP TP 11.15 require this.</td>
<td>Yes. The Act and SUP TP 11.15 require this.</td>
</tr>
<tr>
<td>Is a <em>firm</em> required to prepare a statement of responsibilities for an application under SUP TP 11.15?</td>
<td>Yes. The details are in SUP TP 11.15.</td>
<td>Yes. The details are in SUP TP 11.15.</td>
</tr>
<tr>
<td>Is a <em>firm</em> required to send it to the FCA?</td>
<td>Yes. The details are in SUP TP 11.15.</td>
<td>Yes. The details are in SUP TP 11.15.</td>
</tr>
</tbody>
</table>

A notification to the FCA under SUP TP 11.5, SUP TP 11.6 or SUP TP 11.8 about an approved person or candidate must be accompanied by a **statement of responsibilities** about that person.
A non-notifying firm must, within five business days after the commencement date, give the FCA a statement of responsibilities for each candidate who is the subject of a pre-implementation application by the firm that has been converted into an application for approval for the performance of an FCA-designated senior management function under SUP TP 11.7.

A statement of responsibilities should comply with all the rules and directions in the FCA Handbook that will apply to statements of responsibilities prepared by the firm (see SUP TP 11.16).

Before the commencement date, SYSC 2.2 required many firms to have a scope of responsibilities document for its senior approved persons.

That document may also satisfy the requirements for a statement of responsibilities and the ongoing requirements after the commencement date for statements of responsibilities. If so, there is no need to create a new statement of responsibilities. To the extent that the scope of responsibilities document does not satisfy those requirements, a firm should amend or replace it.

SUP TP 11.12 Management responsibilities maps

SUP TP 11.12 applies to a firm that will be required under SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) to have a management responsibilities map when that chapter comes into force on the commencement date.

A management responsibilities map should comply with all the rules and directions in the FCA Handbook that will apply to a management responsibilities map prepared by the firm (see SUP TP 11.16).

Before the commencement date, SYSC 2.2 required many firms to have a governance map.

That document may also satisfy the requirements for a management responsibilities map and the ongoing requirements after the commencement date for management responsibilities maps. If so, there is no need to create a new management responsibilities map. To the extent that the governance map does not satisfy those requirements, a firm should amend or replace it.

SUP TP 11.13 Supplemental material about statements of responsibilities and management responsibilities maps

A statement of responsibilities and a management responsibilities map must be prepared as of the commencement date.

SUP TP 11.13.1 R

SUP TP 11.13.2 D

SUP TP 11.13.3 G

(1) If there has been a change relating to a statement of responsibilities or a management responsibilities map submitted to the FCA under SUP TP 11, the firm should submit a revised version.

(2) This is the effect of SUP TP 11.6 and SUP TP 11.8.4R.

A firm should not assume that the FCA has reviewed a statement of responsibilities or a management responsibilities map submitted to it for completeness, quality or accuracy. It is the firm’s responsibility to ensure that they have been prepared in accordance with the FCA’s rules and the Act.

SUP TP 11.14 Criminal record checks and employment references
### Applications of approved persons to take effect from the commencement date

**SUP TP 11.15**

<table>
<thead>
<tr>
<th>Rule</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUP TP 11.15.1</strong></td>
<td>(1) A <em>firm</em> may, before the <strong>commencement date</strong>, apply under section 60 of the Act (Applications for approval) for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an <em>FCA-designated senior management function</em> which comes into effect (as respects the <em>firm</em>) on the <strong>commencement date</strong>.</td>
</tr>
<tr>
<td></td>
<td>(2) Any such application is made on the basis that it is treated as being made on the <strong>commencement date</strong>.</td>
</tr>
<tr>
<td></td>
<td>(3) The application must be made using the version of Form A or Form E applicable from the <strong>commencement date</strong> and in accordance with the other requirements to be in effect on that date.</td>
</tr>
</tbody>
</table>

**SUP TP 11.15.2**
The rest of SUP TP 11 will not apply to an application under SUP TP 11.15. In particular, it is not a *pre-implementation application* and the application should not be included in the *firm’s* Form K.

**SUP TP 11.15.3**
Any such application should be accompanied by a *statement of responsibilities* and, if SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) will apply, a *management responsibilities map*.

**SUP TP 11.15.4**
A *firm* does not have to make an application under SUP TP 11.15. It can make an application for an existing *controlled function* before the **commencement date** under the **rules** and directions in force at the time of the application. SUP TP 11 will apply to such applications.

### Application of ongoing requirements to converted approvals and conversion documents

**SUP TP 11.16**

<table>
<thead>
<tr>
<th>Rule</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUP TP 11.16.1</strong></td>
<td>(1) The <strong>rules</strong> of the FCA Handbook apply to a <em>converted approval</em>, as they do to approvals granted after the <strong>commencement date</strong>.</td>
</tr>
<tr>
<td></td>
<td>(2) The <strong>rules</strong> of the FCA Handbook apply to a <em>pre-implementation application</em> that is continued in force under SUP TP 11 after the <strong>commencement date</strong> as they do to applications made after the <strong>commencement date</strong>.</td>
</tr>
<tr>
<td></td>
<td>(3) This paragraph is subject to the other provisions of SUP TP 11.</td>
</tr>
</tbody>
</table>

**SUP TP 11.16.2**

<table>
<thead>
<tr>
<th>Rule</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUP TP 11.16.2</strong></td>
<td>(1) A <em>statement of responsibilities</em> (including one revised under SUP TP 11.16.4R) must comply with all the <strong>rules</strong> and directions in the FCA Handbook that will apply to <em>statement of responsibilities</em> as from the <strong>commencement date</strong>.</td>
</tr>
</tbody>
</table>
A management responsibilities map submitted to the FCA under SUP TP 11.12 must comply with all the rules and directions in the FCA Handbook that will apply to the firm’s management responsibilities map as from the commencement date.

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.

The table in SUP TP 11.16.6G gives examples of how SUP 10C and other parts of the FCA Handbook apply to converted approvals.

<table>
<thead>
<tr>
<th>Requirement in Handbook</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 10C.11.7D</td>
<td>Submission of revised statement of responsibilties</td>
<td>The effect of the Act and of the insurance firms commencement SI is that section 62A of the Act (Changes in responsibilities of senior managers) applies to a statement of responsibilities. This means that if after the commencement date there has been a significant change in a transitioned SMF manager’s responsibilities in relation to their converted designated senior management functions, the firm should submit a revised statement of responsibilities. It should also submit a Form J unless SUP 10C.11 says that it is not required.</td>
</tr>
<tr>
<td>SUP 10C.11.10D</td>
<td>Statements of responsibilities</td>
<td>The powers and requirements in the Act and in SUP 10C about variation of approvals at the request of a firm and at the initiative of the FCA apply to converted approvals.</td>
</tr>
<tr>
<td>SUP 10C.11.12R</td>
<td>Ceasing to carry on some functions</td>
<td>If a transitioned SMF manager ceases to perform a designated senior management function but continues to perform a converted designated senior management function, the firm should submit a revised statement of responsibilities document under SUP 10C.11.12R.</td>
</tr>
<tr>
<td>SUP 10C.13</td>
<td>Other material about variations</td>
<td></td>
</tr>
<tr>
<td>SUP 10C.11.13D</td>
<td>Single statement of responsibilities document</td>
<td></td>
</tr>
<tr>
<td>SUP 10C.11.13D</td>
<td>One statement of responsibilities for each SMF manager for each firm</td>
<td>Applies to statements of responsibilities in the same way as it applies to statements of responsibilities. For example:</td>
</tr>
</tbody>
</table>

(1) If on the commencement date a transitioned SMF manager is already approved by the PRA to perform a PRA-designated senior management function for that firm, the statement...
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 statements of responsibilities

Applies to statements of responsibilities in the same way as it does to statements of responsibilities.

Ceasing to carry on functions

SUP 10C.11.12R Statements of responsibilities to be included in notification

Applies to ceasing to carry on a converted designated senior management function after the commencement date.

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 transitioned SMF manager and to changes of any details relating to the converted designated senior management function.

SUP 10C.14.15R Changes to arrangements

The Form D requirements also apply to a candidate whose application is continued in force by SUP TP 11.

SUP 10C.14.18R Fitness

Before the commencement date, the existing requirements of SUP 10A ap
Notifications under the Act

SUP 10C.14.22R  
Notifications under the Act

Requirements referring to a current approved person approval

Requirements referring to a current approved person approval held within the last six months

General

Appplies to notification about a transitioned SMF manager.

Apply to a converted approval.

These requirements apply to an approval for a controlled function abolished after the commencement date 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 months before the commencement date even though the controlled function ceases to exist after the commencement date.

Includes compliance with the requirements about statements of responsibilities

A management responsibilities map should include a transitioned SMF manager and their converted designated senior management functions

FCA-prescribed senior management responsibility (a)

Responsibility for a firm’s performance of its obligations under the senior managers regime

SUP TP 11/15

Making sure that the Financial Services Register is accurate

Existing notification requirements

SUP TP 11.17 R (1) If before the commencement date a firm 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 commencement date if the firm has not complied with that obligation before then.

(2) (1) applies whether the deadline for reporting expires before or after the commencement date.

(3) (1) applies to a notifying firm even if it is obliged to report the same facts under a Form K.

(4) (1) does not apply to the customer function (unless the customer function continues to apply after the commencement date under SUP TP 11.4.2R) if the deadline for reporting expires after the commencement date. Instead, the obligation to report ends on the commencement date.

Notification required from non-notifying firms in certain cases

SUP TP 11.17.2 R (1) This rule applies to a non-notifying firm (F) in relation to a particular approved person (AP) if:

(a) F has pre-implementation approval for the performance by AP of a pre-implementation controlled function;

(b) that pre-implementation approval is potentially convertible into an FCA-designated senior management function; and
(c) F believes that that pre-implementation approval will not be converted into approval for the performance of that FCA-designated senior management function.

(2) If F is not already required to notify the FCA of the facts giving rise to this, it must notify the FCA of the matters in (1) using Form C in accordance with SUP 10A before:

(a) the final notification date; or

(b) (if the situation in (1) first arises after the final notification date) the commencement date.

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 commencement date, AP resigns or gives up their controlled function or plans to do so.

(2) In most cases F will already be required to notify the FCA. If so, SUP TP 11.17.2R will not apply, even if the reporting deadline is after the commencement date.

(3) An example of circumstances in which SUP TP 11.17.2R will apply is if:

(a) AP is going to remain in post after the commencement date; but

(b) their job does not come within the definition of the FCA-designated senior management function in SUP TP 11.17.2R even though their job comes within the pre-implementation controlled function.

SUP TP 11.17.4 G

SUP TP 11.17.2R does not apply to a notifying firm. The FCA will rely on its Form K instead.

Checking the Register

SUP TP 11.17.5 R

A firm must, in the month beginning five business days after the commencement date, check whether the Financial Services Register:

(1) correctly records all the firm’s SMF managers;

(2) correctly records each FCA-designated senior management function for the performance of which by the SMF manager the firm has approval;

(3) includes everyone performing an FCA-designated senior management function for the performance of which the firm should have obtained approval; and

(4) includes all the FCA-designated senior management functions for which the firm should have obtained approval in relation to persons in (3).

SUP TP 11.17.6 R

(1) If:

(a) the Financial Services Register does not correctly do all the things in SUP TP 11.17.5R; and

(b) the firm 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 firm must (by the end of the one month period in SUP TP 11.17.5R) 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 person (AP) and firm, whichever one or more of the following forms in SUP 10C applies:
(a) Form A (short form) where AP is not, but should be, included in the Financial Services Register or where the Financial Services Register omits some of AP’s FCA-designated senior management functions for which the firm has approval; or

(b) Form C where AP is, but should not be, included in the Financial Services Register or where the Financial Services Register shows an approval for AP to perform an FCA-designated senior management function that the firm does not have; or

(c) Form E where both (1) and (2) apply; or

(d) Form D in any other case.

SUP TP 11.17.7 The requirement to check the Financial Services Register is particularly important in a case of a non-notifying firm because:

(1) the FCA will update the Financial Services Register based on the information it has; but

(2) the FCA may not have sufficient information to tell whether all the conversion conditions in SUP TP 11.2.2R have been met.

SUP TP 11.17.8 In practice it is unlikely that SUP TP 11.17.6R will normally apply because the firm will already be required to notify the FCA of the matter or apply for approval. For example:

(a) if the Financial Services Register does not include a person performing an FCA-designated senior management function because the firm has not yet applied for approval, the firm should apply for approval using Form A (long or short) or Form E as soon as possible;

(b) if the Financial Services Register includes a person who left the firm before the commencement date or who stopped performing their pre-implementation controlled function before then, the firm should report that using Form C (see SUP TP 11.17.1R);

(c) if the pre-implementation controlled function and the corresponding designated senior management function are so different that approval for the former is not converted into approval for the latter, a non-notifying firm should report that under SUP TP 11.17.2R.

(2) SUP TP 11.17.6R may apply for example if the firm has made all the notifications (if any) required by SUP TP 11 and other parts of the Handbook but:

(a) the Financial Services Register does not include one of the firm’s approved persons even though their pre-implementation controlled function was converted under SUP TP 11; or

(b) the Financial Services Register includes one of the firm’s approved persons even though none of their pre-implementation controlled functions were converted under SUP TP 11.

Abolition of the customer function

SUP TP 11.17.9 A firm does not have to submit a Form C for an approved person who had a pre-implementation approval to perform the customer function but ceases to perform that function because the customer function is (except in relation to appointed representatives) abolished after the commencement date.

SUP TP 11.18 The 12-week rule
### Application for permission

**SUP TP 11.19**  
**SUP TP 11.19.1** (1) **D** This direction applies to a pre-implementation application that is made by an authorisation applicant before the commencement date.

(2) A pre-implementation application 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 pre-implementation application by a firm:

- (a) of the type that the authorisation applicant will be if the authorisation application is granted or otherwise succeeds; and
- (b) for an approval by the FCA for the performance of the same pre-implementation controlled function.

**SUP TP 11.19.2** R SUP TP 11.7 and SUP TP 11.9 apply to a pre-implementation application in SUP TP 11.19.1D.

**SUP TP 11.19.3** D SUP TP 11.15 applies to an authorisation applicant.

### Prohibition orders

**SUP TP 11.20**  
**SUP TP 11.20.1** R The changes to the FCA Handbook made by the Individual Accountability (Dual-Regulated Firms) Instrument 2018 do not affect:

(1) a warning notice or a decision notice under section 57 of the Act (Prohibition orders: procedure and right to refer to tribunal); or

(2) a prohibition order,

which is given or made before the commencement date.

### Reporting under SUP 15.11

**SUP TP 11.21**  
**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

<table>
<thead>
<tr>
<th>Defined term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>authorisation applicant</td>
<td>an applicant for <em>Part 4A permission</em>, or another person seeking to carry on <em>regulated activities</em> as an <em>authorised person</em>.</td>
</tr>
<tr>
<td>authorisation application</td>
<td>the application or other process referred to in the definition of <em>authorisation applicant</em>.</td>
</tr>
<tr>
<td>converted approval</td>
<td>(in relation to a <em>pre-implementation approval</em>) the approval for an <em>FCA-designated senior management function</em> which that <em>pre-implementation approval</em> becomes under SUP TP 11.2.1R.</td>
</tr>
<tr>
<td>converted designated senior management function</td>
<td>(in relation to a <em>transitioned SMF manager</em>) the <em>FCA-designated senior management function</em> for which they are treated as having approval under SUP TP 11.2.1R.</td>
</tr>
<tr>
<td>corresponding firm specific date</td>
<td>(in relation to an <em>FCA-designated senior management function</em> and a <em>pre-implementation controlled function</em>) has the meaning in SUP TP 11.7.2R.</td>
</tr>
<tr>
<td>firm specific date</td>
<td>the later of the following:</td>
</tr>
<tr>
<td>(1)</td>
<td>the date (if any) on which a <em>firm</em> makes the notification in SUP TP 11.10.1R; or</td>
</tr>
<tr>
<td>(2)</td>
<td>(if the <em>firm</em> 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 <em>FCA</em>.</td>
</tr>
<tr>
<td>management responsibilities map</td>
<td>the <em>document</em> required to be produced under SUP TP 11.12, including under SUP TP 11.12 as applied by SUP TP 11.19.</td>
</tr>
<tr>
<td>non-notifying firm</td>
<td>each of the following types of <em>SMCR insurance firm</em>:</td>
</tr>
<tr>
<td>(1)</td>
<td>a <em>small non-directive insurer</em>;</td>
</tr>
<tr>
<td>(2)</td>
<td>a <em>firm</em> in SYSC 23 Annex 1.5.2R (firms in run-off) as set out in the <em>Individual Accountability (Dual-Regulated Firms) Instrument 2018</em>;</td>
</tr>
<tr>
<td>(3)</td>
<td>an <em>insurance special purpose vehicle</em>;</td>
</tr>
<tr>
<td>(taking account of amendments to be made to the <em>Glossary</em> by the <em>Individual Accountability (Dual-Regulated Firms) Instrument 2018</em>).</td>
<td></td>
</tr>
</tbody>
</table>
notifying firm
potentially convertible
pre-implementation application
pre-implementation approval
pre-implementation controlled function
statement of responsibilities
SMCR banking firm, SMCR firm and SMCR insurance firm
transitionally SMF manager

an SMCR insurance firm that is not a non-notifying firm.

has the meaning in SUP TP 11.2.3R.

an application made under section 60 of the Act (Applications for approval) if the application is:

(1) for approval for the performance of a pre-implementation controlled function; and
(2) received by the FCA before the commencement date.

a current FCA approved person approval that is given by the FCA before the commencement date in relation to a pre-implementation controlled function.

If a person is approved to perform more than one pre-implementation controlled function for a firm, there is a separate pre-implementation approval in relation to each.

(in relation to a firm) an FCA controlled function that, before the commencement date:

(a) the FCA has specified for the purposes of section 59 of the Act (approval for particular arrangements); and
(b) applies to the firm (even if the firm has no one approved to perform that function for the time being).

any of the following:

(a) the document corresponding to a statement of responsibilities that a firm must produce under regulation 4 of the insurance firms commencement SI; or
(b) a statement of responsibilities that a firm must produce in relation to:
   (i) a pre-implementation application that has been converted into an application for approval for the performance of an FCA-designated senior management function under SUP TP 11.7;
   (ii) an application under SUP TP 11.15; or
   (iii) an application under (b)(i) or (ii) as they apply in relation to SUP TP 11.19.

has the meaning set out in the amendments to the Glossary to be made by the Individual Accountability (Dual-Regulated Firms) Instrument 2018).

This is subject to SUP TP 11.22.3R.
| **SUP TP 11.22.3** | **R** | Before the **commencement date**, the question of:
| | | (a) whether a **firm** is an **SMCR insurance firm** for the purposes of **SUP TP 11**; and
| | | (b) (if it is) into which category it falls;
| **SUP TP 11.22.4** | **G** | The effect of **SUP TP 11.22.3R** is that if an **SMCR banking firm** changes its **permission** in a way that would turn it into an **SMCR insurance firm**, the conversion arrangements in **SUP TP 11** will not apply to it.
| **SUP TP 11.22.5** | **G** | If a **firm** becomes a **non-notifying firm** 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 Forms**

| **SUP TP 11.23** | **Forms** |
| **SUP TP 11.23.1** | **R** | Conversion Notification Form (Form K) |

**Conversion Notification Form (Form K) Solvency II and large non-directive firms**

---

**Note:** If a **firm** becomes an **SMCR insurance firm** or a **notifying firm** between the **final notification date** and the **commencement date**, the final notification date for it is the date it becomes an **SMCR insurance firm** or **notifying firm**.
## Supervision

### SUP TP 11A

<table>
<thead>
<tr>
<th>11A.1</th>
<th>Application, purpose and definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>11A.1.1</td>
<td>(1) SUP TP 11A applies to solo-regulated SMCR firms.</td>
</tr>
<tr>
<td></td>
<td>(2) SUP TP 11A.15 applies to every firm.</td>
</tr>
<tr>
<td></td>
<td>(2) In particular, it has procedures for converting existing approvals for the performance of controlled functions into approvals for the corresponding designated senior management functions.</td>
</tr>
<tr>
<td>11A.1.3</td>
<td>(1) The main time period for which SUP TP 11A operates is 2019.</td>
</tr>
<tr>
<td></td>
<td>(2) There are transitional provisions that can apply beyond that period. They are based on events occurring during that period.</td>
</tr>
<tr>
<td>11A.1.4</td>
<td>Most of SUP TP 11A relates SUP 10C.</td>
</tr>
<tr>
<td>11A.1.5</td>
<td>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.</td>
</tr>
</tbody>
</table>

#### Part One: General

<table>
<thead>
<tr>
<th>Defined term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>authorisation applicant</td>
<td>an applicant for Part 4A permission, or another person seeking to carry on regulated activities as an authorised person.</td>
</tr>
<tr>
<td>authorisation application</td>
<td>the application or other process referred to in the definition of authorisation applicant.</td>
</tr>
<tr>
<td>claims management firm</td>
<td>a firm whose permission includes regulated claims management activities.</td>
</tr>
<tr>
<td>converted approval</td>
<td>(in relation to a pre-implementation approval) the approval for an FCA-designated senior management function which that pre-implementation approval becomes under SUP TP 11A.2.1R.</td>
</tr>
<tr>
<td>converted designated senior management function</td>
<td>(in relation to a transitioned SMF manager) the FCA-designated senior management function for which they are treated as having approval under SUP TP 11A.2.1R</td>
</tr>
<tr>
<td>core SMCR</td>
<td>have the meaning set out in the amendments to the Glossary to be made by the Individual Accountability (FCA-Authorised Firms) Instrument 2019.</td>
</tr>
</tbody>
</table>
### Defined terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>firm, enhanced scope SMCR firm, limited scope SMCR firm, overseas SMCR firm</td>
<td>(in relation to an <em>FCA-designated senior management function</em> and a <em>pre-implementation controlled function</em>) has the meaning in SUP TP 11A.7.2R.</td>
</tr>
<tr>
<td>corresponding firm specific date</td>
<td>the later of the following:</td>
</tr>
<tr>
<td>(1) the date (if any) on which a <em>firm</em> makes the notification in SUP TP 11A.10.1R; or</td>
<td></td>
</tr>
<tr>
<td>(2) (if the <em>firm</em> 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 <em>FCA</em>.</td>
<td></td>
</tr>
<tr>
<td>management responsibilities map potentially convertible pre-implementation application approval</td>
<td>the <em>document</em> required to be produced under SUP TP 11A.12, including under SUP TP 11A.12 as applied by SUP TP 11A.19.</td>
</tr>
<tr>
<td>pure claims management firm</td>
<td>has the meaning in SUP TP 11A.2.3R.</td>
</tr>
<tr>
<td>pre-implementation approval</td>
<td>an application made under section 60 of the <em>Act</em> (Applications for approval) if the application is:</td>
</tr>
<tr>
<td>(1) for approval for the performance of a <em>pre-implementation controlled function</em>; and</td>
<td></td>
</tr>
<tr>
<td>(2) received by the <em>FCA</em> before the <em>commencement date</em>.</td>
<td></td>
</tr>
<tr>
<td>pre-implementation controlled function</td>
<td>a <em>current FCA approved person approval</em> that is given by the <em>FCA</em> before the <em>commencement date</em> in relation to a <em>pre-implementation controlled function</em>.</td>
</tr>
<tr>
<td>If a <em>person</em> is approved to perform more than one <em>pre-implementation controlled function</em> for a <em>firm</em>, there is a separate <em>pre-implementation approval</em> in relation to each.</td>
<td></td>
</tr>
<tr>
<td>(in relation to a <em>firm</em>) an <em>FCA controlled function</em> that, before the <em>commencement date</em>:</td>
<td></td>
</tr>
<tr>
<td>(a) the <em>FCA</em> has specified for the purposes of section 59 of the <em>Act</em> (approval for particular arrangements); and</td>
<td></td>
</tr>
<tr>
<td>(b) applies to the <em>firm</em> (even if the <em>firm</em> has no one approved to perform that function for the time being).</td>
<td></td>
</tr>
<tr>
<td>a claims management firm whose <em>permission</em> only covers <em>regulated claims management activities</em>.</td>
<td></td>
</tr>
</tbody>
</table>
### Part One: General

<table>
<thead>
<tr>
<th>Defined term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>solo-regulated SMCR firm</td>
<td>a core SMCR firm, an enhanced scope SMCR firm or a limited scope SMCR firm</td>
</tr>
<tr>
<td>statement of responsibilities</td>
<td>in relation to a firm and a person (AP) and in relation to:</td>
</tr>
<tr>
<td>(1)</td>
<td>an FCA-designated senior management function for the performance of which by AP the firm has approval under SUP TP 11A.2;</td>
</tr>
<tr>
<td>(2)</td>
<td>an FCA-designated senior management function for the approval for the performance of which by AP the firm is treated as having applied under SUP TP 11A.7; or</td>
</tr>
<tr>
<td>(3)</td>
<td>an FCA-designated senior management function for the performance of which by AP the firm believes it will have approval as referred to in SUP TP 11A.5 or SUP TP 11A.6;</td>
</tr>
<tr>
<td>a statement setting out the aspects of the affairs of the firm 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 FCA-designated senior management function.</td>
<td></td>
</tr>
<tr>
<td>Managing has the same meaning as it does in section 60(2A) of the Act (Applications for approval).</td>
<td></td>
</tr>
<tr>
<td>A statement of responsibilities also includes:</td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td>a statement of responsibilities produced under SUP TP 11A.15, including under SUP TP 11A.15 as applied by SUP TP 11A.19; and</td>
</tr>
<tr>
<td>(5)</td>
<td>the statement required to be produced by regulation 5(4) of the solo-regulated firms commencement SI (Deemed approval to perform designated senior management functions: requirement to provide statement of responsibilities).</td>
</tr>
<tr>
<td>a pure claims management firm</td>
<td>that has a claims management temporary permission.</td>
</tr>
<tr>
<td>AP as defined in SUP TP 11A.2.1R</td>
<td></td>
</tr>
</tbody>
</table>

### Part Two: Fixed dates

<table>
<thead>
<tr>
<th>header</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>first notification date</td>
<td>9 September 2019</td>
</tr>
<tr>
<td>final notification date</td>
<td>6 December 2019</td>
</tr>
<tr>
<td>commencement date</td>
<td>9 December 2019</td>
</tr>
</tbody>
</table>
**Part Two: Fixed dates**

<table>
<thead>
<tr>
<th>header</th>
<th>header</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form O start date</td>
<td>9 June 2019 (even though this rule was made and came into force after this date)</td>
</tr>
<tr>
<td>enhanced firm cut-off date</td>
<td>1 September 2019</td>
</tr>
</tbody>
</table>

Note: If a firm becomes a solo-regulated SMCR firm between the final notification date and the commencement date or changes category within that period, the final notification date for it is the date it becomes a solo-regulated SMCR firm or changes category.

### 11A.2 Conversion of existing approvals

11A.2.1 R If the conditions set out in SUP TP 11A.2.2R are met, a pre-implementation approval in relation to a particular approved person (AP) and a particular solo-regulated SMCR firm (F) has effect on and after the commencement date as if it had been given in relation to the FCA-designated senior management function or FCA-designated senior management functions specified in SUP TP 11A.2.2R(2) and (3).

11A.2.2 R Those conditions are:

1. The pre-implementation approval is in effect in relation to F:
   1. (where SUP TP 11A.2.10R applies this condition) at the firm specific date; and
   2. immediately before the commencement date;

2. AP is performing an FCA-designated senior management function in relation to F on the commencement date;

3. The pre-implementation approval in (1) is potentially convertible into approval for the FCA-designated senior management function in (2); and

4. (where SUP TP 11A.2.10R applies this condition) F has notified the FCA:
   1. between the first notification date and the commencement date;
   2. that it considers that the pre-implementation approval will be converted into approval for the FCA-designated senior management function in (2) under SUP TP 11A.2.

11A.2.3 R (1) A pre-implementation approval is potentially convertible into approval for an FCA-designated senior management function if a single row within the applicable part of the mapping table in SUP TP 11A.2.5R contains both:

1. the pre-implementation controlled function for which that pre-implementation approval was given; and

2. FCA-designed senior management function.

11A.2.4 R (1) Part One of the table in SUP TP 11A.2.5R applies to a core SMCR firm and a limited scope SMCR firm.

(2) Part Two of the table in SUP TP 11A.2.5R applies to an enhanced scope SMCR firm.

11A.2.5 R Mapping table: Potential conversion of approval for existing controlled functions into approval for designated senior management functions
### Part One (core SMCR firms and limited scope SMCR firms)

<table>
<thead>
<tr>
<th>Pre-Implementation Controlled Function</th>
<th>New FCA-designated senior management function</th>
<th>Is notification required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive functions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director function</td>
<td>Executive director function</td>
<td>No</td>
</tr>
<tr>
<td>Chief executive function</td>
<td>(1) Chief executive function</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>(2) Head of third country branch function</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(3) Executive director function (See Note 2)</td>
<td></td>
</tr>
<tr>
<td>Partner function</td>
<td>(1) Partner function</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>(2) Executive director function</td>
<td></td>
</tr>
<tr>
<td>Director of unincorporated association</td>
<td>Executive director function</td>
<td>No</td>
</tr>
<tr>
<td>Small friendly society function</td>
<td>Executive director function</td>
<td>No</td>
</tr>
<tr>
<td>Oversight functions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-executive director function</td>
<td>Chair of the governing body function</td>
<td>Yes</td>
</tr>
<tr>
<td>Required functions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apportionment and oversight function</td>
<td>Limited scope function</td>
<td>No</td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>Compliance oversight function</td>
<td>No</td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>Money laundering reporting function</td>
<td>No</td>
</tr>
<tr>
<td>Significant management function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Significant management function</td>
<td>EEA branch senior manager function</td>
<td>No</td>
</tr>
</tbody>
</table>

### Part Two (enhanced scope SMCR firms)

<table>
<thead>
<tr>
<th>Pre-Implementation Controlled Function</th>
<th>New FCA-designated senior management function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive functions</td>
<td>(1) Executive director function</td>
</tr>
<tr>
<td></td>
<td>(2) Chief finance officer function</td>
</tr>
<tr>
<td></td>
<td>(3) Chief risk officer function</td>
</tr>
<tr>
<td></td>
<td>(4) Head of internal audit function</td>
</tr>
<tr>
<td></td>
<td>(5) Group entity senior manager function</td>
</tr>
<tr>
<td></td>
<td>(6) Chief operations function</td>
</tr>
<tr>
<td>Chief executive function</td>
<td>(1) Chief executive function</td>
</tr>
<tr>
<td></td>
<td>(2) Chief finance officer function</td>
</tr>
<tr>
<td></td>
<td>(3) Chief risk officer function</td>
</tr>
<tr>
<td></td>
<td>(4) Head of internal audit function</td>
</tr>
<tr>
<td>Pre-Implementation Controlled Function</td>
<td>New FCA-designated senior management function</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Partner function</td>
<td>(1) Partner function</td>
</tr>
<tr>
<td></td>
<td>(2) Chief finance officer function</td>
</tr>
<tr>
<td></td>
<td>(3) Chief risk officer function</td>
</tr>
<tr>
<td></td>
<td>(4) Head of internal audit function</td>
</tr>
<tr>
<td>Director of unincorporated association function</td>
<td>(1) Executive director function</td>
</tr>
<tr>
<td></td>
<td>(2) Chief finance officer function</td>
</tr>
<tr>
<td></td>
<td>(3) Chief risk officer function</td>
</tr>
<tr>
<td></td>
<td>(4) Head of internal audit function</td>
</tr>
<tr>
<td>Small friendly society function</td>
<td>(1) Executive director function</td>
</tr>
<tr>
<td></td>
<td>(2) Chief finance officer function</td>
</tr>
<tr>
<td></td>
<td>(3) Chief risk officer function</td>
</tr>
<tr>
<td></td>
<td>(4) Head of internal audit function</td>
</tr>
<tr>
<td>Oversight functions</td>
<td>(1) Chair of the governing body function</td>
</tr>
<tr>
<td></td>
<td>(2) Chair of the risk committee function</td>
</tr>
<tr>
<td></td>
<td>(3) Chair of the audit committee function</td>
</tr>
<tr>
<td></td>
<td>(4) Chair of the remuneration committee function</td>
</tr>
<tr>
<td></td>
<td>(5) Chair of the nomination committee function</td>
</tr>
<tr>
<td></td>
<td>(6) Senior independent director function</td>
</tr>
<tr>
<td></td>
<td>(7) Group entity senior manager function</td>
</tr>
<tr>
<td>Systems and controls</td>
<td>(1) Chief finance officer function</td>
</tr>
<tr>
<td></td>
<td>(2) Chief risk officer function</td>
</tr>
<tr>
<td></td>
<td>(3) Head of internal audit function</td>
</tr>
<tr>
<td>Required functions</td>
<td>Compliance oversight function</td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>Compliance oversight function</td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>Money laundering reporting function</td>
</tr>
<tr>
<td>CASS operational oversight function</td>
<td>Other overall responsibility function</td>
</tr>
<tr>
<td>Significant management function</td>
<td>(1) Other overall responsibility function</td>
</tr>
<tr>
<td>Significant management function</td>
<td>(2) Chief operations function</td>
</tr>
</tbody>
</table>

Notes for Parts One and Two of this table

(1) 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 (FCA-Authorised Firms) Instrument 2019.

(2) The conversion from the chief executive function to the executive director function only applies to a **non-directive friendly society**.
### 11A26  
If a pre-implementation controlled function does not apply to a firm immediately before the commencement date, the applicable row of the table in SUP TP 11A.2.5R does not apply to it either.

### 11A27  
(1) The general principle is that a pre-implementation approval cannot be converted to approval for an FCA-designated senior management function if that FCA-designated senior management function will not apply to the firm or to the particular approved person on the commencement date.

(2) For example:
- (a) If none of the FCA-designated senior management functions in a row of the table in SUP TP 11A.2.5R apply to a firm on the commencement date, that row does not apply to the firm.
- (b) An example of (a) is that the row applying to the limited scope FCA-designated senior management function only applies to limited scope SMCR firms.
- (c) The convertibility of the partner function to the executive director function in Part One of the table only applies to an overseas SMCR firm that is a partnership.

### 11A28  
Another example of the principle in SUP TP 11A.2.7G is that if:

(1) the result of SUP TP 11A.2 would otherwise be that an approved person is deemed to be approved to perform the other overall responsibility function or the other local responsibility function;

(2) that approved person is deemed by SUP TP 11A.2 to be approved to perform any other FCA-designated senior management function for the same firm,

that approved person’s pre-implementation approval will not be converted into approval for the other overall responsibility function or the other local responsibility function (whichever is applicable).

### 11A29  
(1) A notification to the FCA is not to be taken into account for the purposes of SUP TP 11A.2.2R(4) so far as it concerns a particular approved person if the firm does not include a statement of responsibilities about that approved person with the notification when required to do so by SUP TP 11A.11.

(2) A notification to the FCA is not to be taken into account for the purposes of SUP TP 11A.2.2R(4) if the firm does not include a management responsibilities map with the notification when required to do so by SUP TP 11A.12.

### 11A30  
SUP TP 11A.2.2R(1)(a) and SUP TP 11A.2.2R(4):

(1) apply to an enhanced scope SMCR firm; and

(2) do not apply to a core SMCR firm or a limited scope SMCR firm except in relation to a pre-implementation approval for which there is a notification obligation under SUP TP 11A.5 or SUP TP 11A.6.

### 11A31  
SUP TP 11A.2.2R(4)(a) (together with SUP TP 11A.5 and SUP TP 11A.6) means that if a firm is required to submit a Form K:

(1) a failure to submit a Form K before the final notification date is a breach of the requirements of SUP TP 11A; but

(2) despite that breach, the pre-implementation approval can still be converted into an approval for the applicable FCA-designated senior management function as long as it is received between the first notification date and the commencement date.

### 11A3  
#### Effect of conversion

(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.
11A.3 Effect of conversion

(2) This rule applies whether or not the FCA 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).

11A32 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.

11A.4 Lapse of existing approvals and special provisions about appointed representatives

11A41 R Subject to SUP TP 11A.4.2R, any pre-implementation approval that is in effect immediately before the commencement date that is not converted under SUP TP 11A.2 ceases to have effect as from the beginning of the commencement date in relation to the controlled function concerned.

11A42 R (1) SUP TP 11A does not apply to a pre-implementation approval that has effect under SUP 10A.1.15R to SUP 10A.1.16AR (appointed representatives).
(2) However SUP TP 11A does apply to a pre-implementation approval in (1) for a firm that will fall under SUP 10C Annex 1 7.1R(4) (an appointed representative that has a limited permission) when it comes into force on the commencement date.
(3) (2) does not apply to a pre-implementation approval for the customer function. SUP TP 11A does not apply to such a pre-implementation approval.

11A5 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

11A51 R (1) A 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 11A.2 (assuming that the firm complies with the applicable notification requirements in SUP TP 11A);
(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) between the first notification date and the final notification date.

(3) This rule applies to:

(a) an enhanced scope SMCR firm; and
(b) a core SMCR firm and a limited scope SMCR firm in relation to a pre-implementation approval to which column (3) of Part One of the table in SUP TP 11A.2.5R applies the notification requirement in this rule.

11A52 G SUP TP 11A.10 explains how the firm should make the notification.

11A53 G (1) This paragraph (SUP TP 11A.5.3G) gives examples of things that a firm should not include in a notification under SUP TP 11A.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:
### 11A.5 Notification to the FCA: Initial notification

| (a) | It is **potentially convertible** into an *FCA-designated senior management function*; but |
| (b) | the *firm* considers that the *approved person* will not be performing that *FCA-designated senior management function on the commencement date*. |

(4) Therefore, a *firm* should not include an *approved person* who plans to resign before the *commencement date* if it is intended that they will have left the *firm* before then.

(5) A *firm* should not include a **pre-implementation approval** if SUP TP 11A.4.2R says that SUP TP 11A does not apply to it.

### 11A.6 Notification to the FCA: Revision of initial notice

| 11A.6.1 R | (1) This *rule* applies if, before the *commencement date*:
| (a) | a *firm* receives a **pre-implementation approval** after the initial notice under SUP TP 11A.5; and |
| (b) | the *firm* would have been required to notify the FCA under SUP TP 11A.5 if that approval had been in force at the time of that initial notification. |

| (2) | This *rule* also applies if, before the *commencement date*:
| (a) | there is any other change relating to information given in or accompanying a notification that the *firm* has previously made under SUP TP 11A.5 (or a notification given under SUP TP 11A.6); or |
| (b) | the *firm* giving the notice discovers that any part of the information referred to in (1) or (2) is inaccurate. |

| (3) | Where circumstances described in (1) or (2) occur before the *final notification date*, the *firm* must submit a revision of the notice referred to in (1) to the FCA before the *final notification date*. |

| (4) | Where circumstances described in (1) or (2) occur between the *final notification date* and the *commencement date*, the *firm* must submit a revision of the notice referred to in (1) or (2) to the FCA before the *commencement date*. |

### 11A54 G

If the *firm* considers that some of an *approved person’s pre-implementation approvals* will be converted and some will not be, the *firm’s notification* should:

| (1) | include the *approved person*; but |
| (2) | exclude the approvals that will not be converted. |

### 11A62 G

SUP TP 11A.10 explains how the *firm* should make the revised notification

| 11A62 G | (1) This paragraph SUP TP 11A.6.3G gives examples of when a *firm* should revise its SUP TP 11A.5 notice under SUP TP 11A.6. |
| (2) | A *firm* need not include in a notification under SUP TP 11A.5 an *approved person* who plans to leave the *firm* before the *commencement date*. However that plan may change and as a result the *firm* may later conclude that the *approved person* will carry on with their job after the *commencement date*. If so, the *firm* should revise the notice. |
| (3) | If, after the notice to the FCA, the FCA grants an approval under section 59 of the Act (Approval for particular arrangements) to someone who did not have any such approval for the *firm* at the time of the notice, the *firm* should revise its notice by including that new *approved person* and that new **pre-implementation approval**. |
| (4) | If, after a *firm* has given the notice to the FCA, the FCA grants a new approval under section 59 of the Act to someone who already was an *approved person* for the *firm* when the *firm* gave the notice to the FCA, the *firm* should revise its notice by including that new **pre-implementation approval**. |
11A.6 Notification to the FCA: Revision of initial notice

(5) If a firm includes an approved person in a notification under SUP TP 11A.5 and the firm later concludes that that person’s pre-implementation approval will no longer qualify for conversion because that person will not be performing the relevant FCA-designated senior management function for the firm on the commencement date, the firm should revise its notice. Possible reasons for this include:

(a) the approved person leaves the firm;
(b) the approved person tells the firm they are going to leave the firm before the commencement date; or
(c) the approved person’s job changes so that it will no longer involve performing an FCA-designated senior management function on the commencement date.

(6) There is no need to include information about the matters set out in SUP TP 11A.5.3G.

11A64 G If a firm gives a notification to the FCA under SUP TP 11A.5 about an approved person and that approved person later leaves the firm or gives up performing some of their pre-implementation controlled functions before the commencement date, the firm should notify the FCA 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.

11A7 In-flight applications: Conversion

11A71 R (1) A pre-implementation application by a firm that has not been determined or withdrawn by the commencement date is to be treated, on and after the commencement date, as if it had been made for the corresponding FCA-designated senior management function or FCA-designated senior management functions (if there are any).

(2) If a firm is required to notify a pre-implementation application to the FCA under SUP TP 11A.8, (1) only applies to a corresponding FCA-designated senior management function if the firm has included in that notification details of:

(a) that pre-implementation application; and
(b) that FCA-designated senior management function.

11A72 R An FCA-designated senior management function “corresponds” to a pre-implementation controlled function if approval for the latter is potentially convertible into approval for the former and “corresponding” must be interpreted accordingly.

11A73 R (1) SUP TP 11A.7.1R is subject to any amendment the firm may make to the application after the first notification date and before the commencement date to specify that on the commencement date

(a) the pre-implementation application is to lapse; or
(b) the pre-implementation application is to be treated as only being for some of the FCA-designated senior management functions.

(2) The firm must also notify any such change in accordance with SUP TP 11A.8 if it applies.

11A74 G SUP TP 11A.8.3G explains what FCA-designated senior management functions are covered by SUP TP 11A.7.1R(2).

G (1) SUP TP 11A.7.3R is not the only way a firm may change the effect of SUP TP 11A.7.

(2) After the commencement date a firm is free to amend its application in accordance with the Act and the FCA Handbook.

(3) Before the commencement date, a firm is free to amend its application in accordance with the Act and the FCA Handbook by changing the pre-implementation controlled function for which it is applying. That will affect the corresponding FCA-designated senior management function. If the firm amends its application in this way it should notify the FCA under SUP TP 11A.8 as well as under SUP 10A.
Subject to §SUP TP 11A.7.7R, a pre-implementation application lapses on the commencement date unless it is continued in force by §SUP TP 11A.7.

§SUP TP 11A 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 11A by §SUP TP 11A.4.2R.

A firm must, between the first notification date and 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 11A.7.7R; and
3. the firm would be required to notify the FCA 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.

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 11A.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 11A.8.1R.

SUP TP 11A.8.1R and §SUP TP 11A.8.2R mean:

1. In general only an enhanced scope SMCR firm needs to make the notification.
2. A core SMCR firm and a limited scope firm should not make a notification except in relation to an application to perform the non-executive director pre-implementation controlled function.
3. 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.
4. 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.

This rule applies if, before the commencement date:

1. a firm makes a pre-implementation application after the initial notice under §SUP TP 11A.8.1R; and
2. the firm would have been required to notify the FCA under §SUP TP 11A.8.1R if that application had been made before the date of that initial notification.

This rule also applies if, before the commencement date:

1. 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
### In-flight applications: Notification requirements

| (b) | the *firm* discovers that any part of the information referred to in (1) or (2) is inaccurate. |
| (3) | Where circumstances described in (1) or (2) occur before the **final notification date**, the *firm* must submit a revision of the notice referred to in (1) or (2) to the FCA before the **final notification date**. |
| (4) | Where circumstances described in (1) or (2) occur between the **final notification date** and the **commencement date**, the *firm* must submit a revision of the notice referred to in (1) or (2) to the FCA before the **commencement date**. |

**SUP TP 11A.10** explains how the *firm* should make the notification.

**SUP TP 11A.8** If a *firm* notifies the FCA under **SUP TP 11A.8** of a **pre-implementation application** and that application is granted or refused before the **commencement date**, the *firm* should revise its notification under **SUP TP 11A.8.4R** and, if applicable, **SUP TP 11A.6**.

### In-flight applications: Supplemental material

| (1) | This **rule** applies if, in relation to a **pre-implementation application** continued in effect after the **commencement date** under **SUP TP 11A.7**, the FCA has before the **commencement date**: |
| (a) | imposed a requirement under section 60 of the Act (Application for approval); |
| (b) | given a **warning notice** under section 62(2) of the Act (Applications for approval: procedure and right to refer to tribunal) or a **decision notice** 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 **warning notice** or **decision notice** under section 62. |

| (2) | The requirement, notice or step in (1) is to be treated, on and after the **commencement date**, as having been imposed, given or taken in relation to the application as affected by **SUP TP 11A.7**. |

### Procedure for notification

| **11A.10** | **Procedure for notification** |
| **11A101 R** | A *firm* 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. |
| **11A102 R** | A *firm* 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**). |
| **11A103 R** | A *firm* must make a notification or submit a **document** to the FCA under **SUP TP 11A** in accordance with **SUP 10C.15.11R**(1) and (3) (Method of submission: electronic submission). |
| **11A104 R** | (1) A *firm* 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.25.5R**. |
| **11A105 R** | (2) A *firm* 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**. |

| **11A105 G** | If a *firm* discovers after the **commencement date** that any information it has given under **SUP TP 11A** is inaccurate it should notify the FCA as described in **SUP 15.6** (Inaccurate, false or misleading information). If **SUP TP 11A.17.6R** applies, the *firm* should notify the FCA under that **rule** instead. |

### Statements of responsibilities

<p>| <strong>11A.11</strong> | <strong>Statements of responsibilities</strong> |
| <strong>11A11.1 G</strong> | The table in <strong>SUP TP 11A.11.2G</strong> explains when a <em>firm</em> is required to prepare a <strong>statement of responsibilities</strong> as part of the transitional arrangements in <strong>SUP TP 11A</strong> and whether it is required to send it to the FCA. |
| <strong>11A11.2 G</strong> | Table: Preparing statements of responsibilities and sending them to the FCA |</p>
<table>
<thead>
<tr>
<th>Scenario</th>
<th>Core SMCR firm and a limited scope firm</th>
<th>Enhanced scope SMCR firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is a firm required to prepare a statement of responsibilities for their transitioned SMF managers</td>
<td>Yes. The solo-regulated firms commencement SI requires this. A firm should have prepared it within five days of the commencement date.</td>
<td>Yes. See SUP TP 11A.11.3R.</td>
</tr>
<tr>
<td>Is a firm required to send it to the FCA?</td>
<td>No</td>
<td>Yes. See SUP TP 11A.11.3R.</td>
</tr>
<tr>
<td>Is a firm required to prepare a statement of responsibilities for a pre-implementation application by the firm that has been or will be converted into an application for approval for the performance of an FCA-designated senior management function under SUP TP 11A.7</td>
<td>Yes. The Act and SUP TP 11A.11.4R require this.</td>
<td>Yes. The Act and SUP TP 11A.11.3R require this.</td>
</tr>
<tr>
<td>Is a firm required to send it to the FCA?</td>
<td>Yes. See SUP TP 11A.11.4R.</td>
<td>Yes. See SUP TP 11A.11.3R.</td>
</tr>
<tr>
<td>Is a firm required to prepare a statement of responsibilities for an application under SUP TP 11A.15?</td>
<td>Yes. The Act and SUP TP 11A.15 require this.</td>
<td>Yes. The Act and SUP TP 11A.15 require this.</td>
</tr>
<tr>
<td>Is a firm required to send it to the FCA?</td>
<td>Yes. The details are in SUP TP 11A.15.</td>
<td>Yes. The details are in SUP TP 11A.15.</td>
</tr>
</tbody>
</table>

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 enhanced scope SMCR firm about an approved person or candidate must be accompanied by a statement of responsibilities about that person and the FCA-designated senior management function included in the notification in relation to that approved person or candidate.

11A.11.4 R A core SMCR firm and a limited scope firm must, within five business days beginning with the commencement date, give the FCA a statement of responsibilities for each candidate who is the subject of a pre-implementation application by the firm that has been converted into an application for approval for the performance of an FCA-designated senior management function under SUP TP 11A.7.

11A.11.5 G A statement of responsibilities should comply with all the rules and directions in the FCA Handbook that will apply to statements of responsibilities prepared by the firm (see SUP TP 11A.16).

11A.12 Management responsibilities maps

11A.12.1 R SUP TP 11A.12 applies to an enhanced scope SMCR firm that will be required under SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) to have a management responsibilities map when that chapter comes into force on the commencement date.

11A.12.2 R A notification to the FCA under SUP TP 11A.10.1R must be accompanied by a management responsibilities map.

11A.12.3 G If a firm makes a revised notification under SUP TP 11A.6 or SUP TP 11A.8.4R it should include a management responsibilities map with the notification because anything that requires a revised notification is likely to mean that the firm should update the management responsibilities map.

11A.12.4 G A management responsibilities map should comply with all the rules and directions in the FCA Handbook that will apply to a management responsibilities map prepared by the firm (see SUP TP 11A.16).
11A.13 Supplemental material about statements of responsibilities and management responsibilities maps

11A.13.1 R A statement of responsibilities and a management responsibilities map submitted to the FCA under SUP TP 11A must be prepared as of the commencement date.

11A.13.2 D SUP TP 11A.13.1R also applies to a management responsibilities map or statement of responsibilities prepared under a direction.

11A.13.3 G The effect of regulation 5(4) of the solo-regulated firms commencement SI is that a statement of responsibilities that a core SMCR firm and a limited scope firm should prepare should also be prepared as of the commencement date.

11A.13.4 G A firm should not assume that the FCA has reviewed a statement of responsibilities or a management responsibilities map submitted to it for completeness, quality or accuracy. It is the firm’s responsibility to ensure that they have been prepared in accordance with the FCA’s rules and the Act.

11A.14 Criminal record checks and employment references

11A.14.1 R SUP 10C.10.16R (Criminal record checks) does not apply to any pre-implementation application continued in effect by SUP TP 11A.7.1R after the commencement date.

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 pre-implementation application 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 firms.

11A.15 Applications of approved persons to take effect from the commencement date

11A.15.1 D (1) A firm may, before the commencement date, apply under section 60 of the Act (Applications for approval) 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 effect (as respects the firm) on the commencement date.

(2) Any application may only be made after the first notification 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 in accordance with the other requirements to be in effect on that date.

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 pre-implementation application and the application should not be included in the firm’s Form K.

11A.15.3 G Any such application should be accompanied by a statement of responsibilities and, if SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) will apply, a management responsibilities map.

11A.15.4 G A firm does not have to make an application under SUP TP 11A.15. It can make an application for an existing controlled function before the commencement date under the rules and directions in force at the time of the application. SUP TP 11A will apply to such applications.
11A.16 Application of ongoing requirements to converted approvals and conversion documents

11A.16.1 R
(1) The rules of the FCA Handbook apply to a converted approval, as they do to approvals granted after the commencement date.

(2) The rules of the FCA Handbook apply to a pre-implementation application that is continued in force under SUP TP 11A after the commencement date as they do to applications for approval of the performance of an FCA-designated senior management function made after the commencement date.

(3) This paragraph is subject to the other provisions of SUP TP 11A.

11A.16.2 R
(1) A statement of responsibilities (including one revised under SUP TP 11A.6 or SUP TP 11A.8) must comply with all the rules and directions in the FCA Handbook that will apply to statement of responsibilities as from the commencement date.

(2) (2) applies even if the firm is not required to submit the statement of responsibilities to the FCA.

11A.16.3 R
A management responsibilities map submitted to the FCA under SUP TP 11A must comply with all the rules and directions in the FCA Handbook that will apply to the firm’s management responsibilities map as from the commencement date.

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 rules.

11A.16.5 G
The table in SUP TP 11A.16.6G gives examples of how SUP 10C and other parts of the FCA Handbook apply to converted approvals.

11A.16.6 G Table: Examples of how ongoing requirements apply to converted approvals

<table>
<thead>
<tr>
<th>Requirement in Handbook</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised statements of responsibilities</td>
<td>Submission of revised statement of responsibilities</td>
<td>The effect of the Act and of the solo-regulated firms commencement SI is that section 62A of the Act (Changes in responsibilities of senior managers) applies to a statement of responsibilities. This means that if after the commencement date there has been a significant change in a transitioned SMF manager’s responsibilities in relation to their converted designated senior management functions, the firm should submit a revised statement of responsibilities. This applies even if there was no requirement to send the original statement of responsibilities to the FCA. It should also submit a Form J unless SUP 10C.11 says that it is not required.</td>
</tr>
</tbody>
</table>

Varying an approval
<table>
<thead>
<tr>
<th>Requirement in Handbook</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 10C.11.10D</td>
<td>Statements of responsibilities</td>
<td>The powers and requirements in the Act and in SUP 10C about variation of approvals at the request of a firm and at the initiative of the FCA apply to converted approvals.</td>
</tr>
<tr>
<td>SUP 10C.11.12R</td>
<td>Ceasing to carry on some functions</td>
<td>If a transitioned SMF manager ceases to perform a designated senior management function but continues to perform a converted designated senior management function, the firm should submit a revised statement of responsibilities document under SUP 10C.11.12R.</td>
</tr>
<tr>
<td>SUP 10C.13</td>
<td>Other material about variations</td>
<td></td>
</tr>
</tbody>
</table>

Single statement of responsibilities document

<table>
<thead>
<tr>
<th>Requirement in Handbook</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 10C.11.13D</td>
<td>One statement of responsibilities for each SMF manager for each firm</td>
<td>Applies to statements of responsibilities in the same way as it applies to statements of responsibilities. For example:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1) 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 into a single document.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) If:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(a) after the commencement date a transitioned SMF manager is approved by the FCA to perform another FCA-designated senior management function; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b) later there is a significant change in the transitioned SMF manager’s responsibilities;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>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.</td>
</tr>
</tbody>
</table>

Complete set of statements of responsibilities

<table>
<thead>
<tr>
<th>Requirement in Handbook</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP 10C.11.20R</td>
<td>Complete set of current statements of responsibilities</td>
<td>Applies to statements of responsibilities in the same way as it does to statements of responsibilities.</td>
</tr>
</tbody>
</table>
### SUP 10C.11.12R
- **Summary of the requirement in column (1):** Statements of responsibilities to be included in notification applying to ceasing to carry on a converted designated senior management function after the commencement date.
- **How SUP 10C applies:** In particular, this means that a firm should retain copies of statements of responsibilities prepared under regulation 5 of the solo-regulated firms commencement SI (Deemed approval to perform designated senior management functions: requirement to provide statement of responsibilities) even though the firm does not have to send them to the FCA.

### SUP 10C.14.5R
- **Summary of the requirement in column (1):** Notification of ceasing to perform the function applying to a transitioned SMF manager and to changes of any details relating to the converted designated senior management function.

### SUP 10C.14.7R
- **Summary of the requirement in column (1):** Qualified Form C applying to a transitioned SMF manager.

### SUP 10C.14.13R
- **Summary of the requirement in column (1):** Changes to details applying to a transitioned SMF manager.

### SUP 10C.14.15R
- **Summary of the requirement in column (1):** Changes to arrangements applying to a transitioned SMF manager.

### SUP 10C.14.18R
- **Summary of the requirement in column (1):** Fitness applying to a transitioned SMF manager.

### SUP 10C.14.22R
- **Summary of the requirement in column (1):** Notifications under the Act applying to notification about a transitioned SMF manager.

### General
- **Summarizing the requirement:** Apply to a converted approval.
<table>
<thead>
<tr>
<th>Requirement in Handbook</th>
<th>Summary of the requirement in column (1)</th>
<th>How SUP 10C applies</th>
</tr>
</thead>
</table>
| Requirements referring to a current approved person approval held within the last six months | | Also applies to:  
(1) a converted approval that ends after the commencement date;  
(2) an approval for a controlled function abolished after the commencement date;  
(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 commencement date even if the controlled function ceases to exist after the commencement date. |

**FCA-prescribed senior management responsibility (a)**  
**SYSC 25**  
Responsibility for a firm’s performance of its obligations under the senior managers regime  
Preparation of management responsibilities maps  
Includes compliance with the requirements about statements of responsibilities  
A management responsibilities map should include a transitioned SMF manager and their converted designated senior management functions.

### 11A.17 Making sure that the Financial Services Register is accurate

#### Existing notification requirements

**11A.171 R (1)**  
If before the commencement date a firm 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 commencement date if the firm has not complied with that obligation before then.

(2) (1) applies whether the deadline for reporting expires before or after the commencement date.

(3) (1) applies to a firm even if it is obliged to report the same facts under a Form K.

(4) (1) does not apply to the customer function (unless the customer function continues to apply after the commencement date under SUP TP 11A.4.2R) if the deadline for reporting expires after the commencement date. Instead, the obligation to report no longer applies.

#### Notification required from non-notifying firms in certain cases

**11A.172 R (1)**  
This rule applies to a core SMCR firm and a limited scope firm (F) in relation to a particular approved person (AP) if:

(a) F has pre-implementation approval for the performance by AP of a pre-implementation controlled function;

(b) that pre-implementation approval is potentially convertible into an FCA-designated senior management function; and

(c) F believes that that pre-implementation approval will not be converted into approval for the performance of that FCA-designated senior management function.
### 11A.17 Making sure that the Financial Services Register is accurate

| (2) | If F is not already required to notify the FCA of the facts that would mean that the pre-implementation approval will not be converted as described in (1)(c), it must notify the FCA of those facts using Form C in accordance with SUP 10A before: |
|     |   | (a) the final notification date; or |
|     |   | (b) (if the facts in (1) first arise after the final notification date) the commencement date. |
| 11A.173. G | (1) | The most likely reason for the situation SUP TP 11A.17.2R to arise is that, before the commencement date, AP resigns or gives up their controlled function or plans to do so. |
|     | (2) | In most cases F will already be required to notify the FCA under SUP 10A. If so, SUP TP 11A.17.2R will not apply. |
|     | (3) | An example of circumstances in which SUP TP 11A.17.2R will apply is if: |
|     |   | (a) AP is going to remain in post after the commencement date; but |
|     |   | (b) their job does not come within the definition of the FCA-designated senior management function in SUP TP 11A.17.2R even though their job comes within the pre-implementation controlled function. |
| 11A.174. G | SUP TP 11A.17.2R does not apply to an enhanced scope SMCR firm. The FCA will rely on its Form K instead. |

### Checking the Register

#### 11A.175. R

A firm must, in the month beginning five business days after the commencement date, check whether the Financial Services Register:

1. correctly records who are the firm’s SMF managers;
2. correctly records the FCA-designated senior management function for the performance of which by its SMF managers the firm has approval;
3. does not include incorrect information about the firm’s SMF managers and does not omit information about them that it says it includes;
4. includes everyone performing an FCA-designated senior management function for the performance of which the firm should have obtained approval; and
5. includes all the FCA-designated senior management functions for which the firm should have obtained approval in relation to persons in (3).  

#### 11A.176. R

(1) If:

(a) the Financial Services Register does not correctly do all the things in SUP TP 11A.17.5R; and
(b) the firm 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 firm must (by the end of the one month 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 person (P) and firm, 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 Financial Services Register or where the Financial Services Register omits some of P’s FCA-designated senior management functions for which the firm has approval; or

(b) Form C where P is, but should not be, included in the Financial Services Register or where the Financial Services Register shows an approval for P to perform an FCA-designated senior management function that the firm does not have; or

(c) Form E where both (1) and (2) apply; or
Table 11A.17 Making sure that the Financial Services Register is accurate

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>11A.17 G (d) Form D in any other case.</td>
<td></td>
</tr>
<tr>
<td>11A.17</td>
<td>The requirement to check the Financial Services Register is particularly important in a case where the firm is not under a notification obligation in SUP TP 11A.5 and SUP TP 11A.6 because:</td>
</tr>
<tr>
<td>(1)</td>
<td>the FCA will update the Financial Services Register based on the information it has; but</td>
</tr>
<tr>
<td>(2)</td>
<td>the FCA may not have sufficient information to tell whether all the conversion conditions in SUP TP 11A.2.2R have been met.</td>
</tr>
<tr>
<td>11A.17</td>
<td>In practice it is unlikely that SUP TP 11A.17.6R will normally apply because the firm will already be required to notify the FCA of the matter or apply for approval. For example:</td>
</tr>
<tr>
<td>(a)</td>
<td>if the Financial Services Register does not include a person performing an FCA-designated senior management function because the firm has not yet applied for approval, the firm should apply for approval using Form A (long or short) or Form E as soon as possible;</td>
</tr>
<tr>
<td>(b)</td>
<td>if the Financial Services Register includes a person who left the firm before the commencement date or who stopped performing their pre-implementation controlled function before then, the firm should report that using Form C (see SUP TP 11A.17.1R);</td>
</tr>
<tr>
<td>(c)</td>
<td>if a core SMCR firm or a limited scope firm has approval for someone to perform a pre-implementation controlled function but that approval is not converted into approval for a designated senior management function as described in SUP TP 11A.17.3G(3), the firm should report that under SUP TP 11A.17.2R (which means that SUP TP 11A.17.6R does not apply).</td>
</tr>
<tr>
<td>(2)</td>
<td>SUP TP 11A.17.6R may apply for example if the firm has made all the notifications (if any) required by SUP TP 11A and other parts of the FCA Handbook but:</td>
</tr>
<tr>
<td>(a)</td>
<td>the Financial Services Register does not include one of the firm’s approved persons even though their pre-implementation controlled function was converted under SUP TP 11A; or</td>
</tr>
<tr>
<td>(b)</td>
<td>the Financial Services Register includes one of the firm’s approved persons even though none of their pre-implementation controlled functions were converted under SUP TP 11A.</td>
</tr>
</tbody>
</table>

Table 11A.18 The 12-week rule

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>11A.18</td>
<td>(1) SUP 10C.3.13R (The 12-week rule) allows a firm to appoint someone (P) to perform a function which would normally be an FCA-designated senior management function 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.</td>
</tr>
<tr>
<td>(2)</td>
<td>When calculating the maximum time period in (1), the firm need not take into account any time spent by P before the commencement date performing what will become the FCA-designated senior management function in (1).</td>
</tr>
<tr>
<td>11A.18</td>
<td>(1) SUP 10C.3.13R only applies where P (as referred to in SUP TP 11A.18.1G) is providing cover for an SMF manager whose absence is temporary or reasonably unforeseen.</td>
</tr>
<tr>
<td>(2)</td>
<td>SUP 10C.3.13R may still apply if the absence referred to in (1) began before the commencement date.</td>
</tr>
<tr>
<td>11A.18</td>
<td>SUP TP 11A.18.1G and SUP TP 11A.18.2G may apply even if:</td>
</tr>
<tr>
<td>(1)</td>
<td>before the commencement date P was taking advantage of SUP 10A.5.6R (the equivalent of SUP 10C.3.13R under SUP 10A); and</td>
</tr>
</tbody>
</table>
11A.18  The 12-week rule

(2) approval for the controlled function disapplied by SUP 10A.5.6R is potentially convertible into approval for the FCA-designated senior management function in SUP TP 11A.18.1G and SUP TP 11A.18.2G.

11A.19  Application for permission

11A.19.1D (1) This direction applies to a pre-implementation application that is made by an authorisation applicant:

(a) between the first notification date and the commencement date; or

(b) before the first notification date if it is still outstanding on the first notification date.

(2) A pre-implementation application in (1)(a) must comply with the requirements (if any) of SUP TP 11A that apply to a pre-implementation application by a firm:

(a) of the type that the authorisation applicant will be if the authorisation application is granted or otherwise succeeds; and

(b) for an approval by the FCA for the performance of the same pre-implementation controlled function.

(3) An authorisation applicant must, between the first notification date and the final notification date, revise any of its pre-implementation applications covered by (1)(b) to the extent necessary to meet the requirements in (2).

11A.19.2R SUP TP 11A.7 and SUP TP 11A.9 apply to a pre-implementation application in SUP TP 11A.19.1D.

11A.19.3D SUP TP 11A.15 applies to an authorisation applicant.

11A.20  Prohibition orders

11A.20.1R The first notification period under SUP 15.11.13R (Timing and form of notifications: conduct rules staff other than SMF managers):

(1) a warning notice or a decision notice under section 57 of the Act (Prohibition orders: procedure and right to refer to tribunal); or

(2) a prohibition order;

which is given or made before the commencement date.

11A.21  Reporting under SUP 15.11

11A.21.1R 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:

(a) (in the case of a firm 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 commencement date; or

(b) (for any other firm) the following August.

11A.21.2G SUP TP 11A.21.1R(2)(a) applies however short the resulting reporting period may be.

11A.22  Calculations for retail intermediaries

11A.22.1R This section applies to a firm to which SUP 15.15 (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) applies.

11A.22.2R SUP 15.15 (Enhanced scope SMCR firm retail intermediaries) (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) applies before the commencement date.

11A.22.3R The first averaging period (as referred to in SUP 15.15) for which a firm must carry out the calculation is the most recent one whose final reporting period has a reporting date that falls on or before the enhanced firm cut-off date.
### Calculations for retail intermediaries

#### 11A22

| 11A24 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. |
| 11A25 G | The reason for SUP TP 11A.22.4R is that the firm will be required to give the FCA a Form K instead if it meets the relevant qualification condition for being an enhanced scope SMCR firm. |
| 11A26 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. |
| 11A27 G | (1) The result of a calculation subsequent to the one under SUP TP 11A.22.3R but made before the commencement date may be that the firm meets the relevant qualification condition. In that case the firm should notify the FCA in accordance with SUP 15.15 as applied by SUP TP 11A. |
|          | (2) (1) applies even though SUP TP 11A.23.3R(2) means that the firm will not be treated as an enhanced scope SMCR firm for the purposes of SUP TP 11A. |
|          | (3) A firm should also notify the FCA if it ceases to meet the qualification condition before the commencement date. |
|          | (4) Where (3) applies, the firm may also need to withdraw its Form K. |

### Deciding which category a firm is in

#### 11A23

| 11A21 R | (1) Before the commencement date, the question of:
|          | (a) whether a firm is a solo-regulated SMCR firm for the purposes of SUP TP 11A; and
|          | (b) (if it is) into which category it falls; |
|          | 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. |
|          | (2) (1) does not apply to a firm that is already an SMCR firm before the commencement date. Such an SMCR firm cannot be a solo-regulated SMCR firm for the purposes of SUP TP 11A. |
|          | (3) (1) is subject to the rest of SUP TP 11A.23. |
| 11A22 G | (1) The effect of SUP TP 11A.23.1R(2) is that if a PRA-regulated SMCR firm changes its permission in a way that would turn it into a solo-regulated SMCR firm, the conversion arrangements in SUP TP 11A will not apply to it. |
|          | (2) SUP TP 11A.15 will however apply and the firm can use this to apply for the approvals it needs because of its change of category. |
| 11A23 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 firm is an enhanced scope SMCR firm 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. |
|          | (2) If:
|          | (a) a firm does not meet a qualification condition for being an enhanced scope SMCR firm in Part Eight of SYSC 23 Annex 1 (Financial qualification condition for being an enhanced scope SMCR firm) at the enhanced firm cut-off date; but
|          | (b) meets that qualification condition at any time thereafter before the commencement date; |
|          | the firm is treated as not being an enhanced scope SMCR firm for the purpose of SUP TP 11A unless it is an enhanced scope SMCR firm because it meets another qualification condition. |
| 11A24 G | The result of SUP TP 11A.23.3R(2) is that a firm will not be treated as an enhanced scope SMCR firm under Part Eight of SYSC 23 Annex 1 for the purposes of this Annex unless it meets the relevant conditions at the enhanced firm cut-off date.
### Deciding which category a firm is in

**11A23 R**  (1) This *rule* modifies the *rules* for making an election to become a *core SMCR firm* or an *enhanced scope SMCR firm* 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 *firm* may make such an election on or after the *Form O start date*.

(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 *first notification date* or, if it is made after that date, immediately.

(5) If the election is made on or after the *first notification date* the *firm* must at the same time make the following notifications and applications (based on the type of *SMCR firm* 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 candidate is to perform the relevant function on the *commencement date*.

**11A26 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 *enhanced scope SMCR firm* 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.

**11A27 G** If a *firm* changes from being an *enhanced scope SMCR firm* to a *core SMCR firm* or a *limited scope SMCR firm* 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).

**11A28 R** If a *firm* revokes its election to be a *core SMCR firm*, 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 *core SMCR firm* immediately after the FCA receives the notice, not one year after that date.

**11A29 G** If a *firm* revokes its election to be an *enhanced scope SMCR firm*, SUP TP 11A.23.6R means that the revocation takes effect immediately after the FCA receives the notice, not one year after that date.

**11A30G** SYSC TP 7.7 (Qualification conditions for FCA-authorised firms) explains how this section affects the period after the *commencement date*.

### Claims management firms

### Applications for approval

**11A31 G**  (1) A *claims management firm* may make an application under SUP TP 11A.15 (Applications of approved persons to take effect from the commencement date).

(2) Both a *claims management firm* that gets full authorisation before the *commencement date* and one that still has a *claims management temporary permission* may make such an application.

(3) SUP TP 11A.15 applies to applications under section 59 of the Act made before the *commencement date*. If a *claims management firm* makes an application under section 59 of the Act after the *commencement date*, it should make the application under SUP 10C (FCA senior managers regime for approved persons in SMCR firms).

**11A32 D** SUP TP 11A.15 applies to a *temporary permission pure claims management firm* on the basis that the application referred to in SUP TP 11A.15.1D(1) is treated as made on the *commencement date* or, if later, the date that the *firm* becomes an *SMCR firm*.

**11A33 D** SUP TP 11A.15 does not apply to a *temporary permission pure claims management firm* if:

   1. that *firm* has not made a relevant application as referred to in article 82 of the *Claims Management Order* (Duration of temporary permission); or
   2. the FCA has not yet set a last application date that applies to the *firm* (see article 82(3) of the *Claims Management Order*); or
   3. the opening date applicable to the *firm* has not yet arrived (see article 82(9) of the *Claims Management Order*).
A firm 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

Most of SUP TP 11A will not apply to a pure claims management firm the firm will not have or need to have any approved persons under SUP 10A. It will therefore not have any pre-implementation approvals or pre-implementation applications to be converted.

In-flight applications for authorisation

In certain circumstances, a person 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.

This paragraph applies to a person in (1) who would be a pure claims management firm if the application were granted by the FCA.

Where article 41(4) of the Claims Management Order (Applications for authorisation made to the Regulator: authorisation by the FCA) requires the person 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

SUP TP 11A.18.1G (The 12-week rule) applies to a pure claims management firm that still had a claims management temporary permission on the commencement date as if references to the commencement date were to the date it becomes fully authorised.

Reporting under SUP 15.11

The first notification period of a pure claims management firm under SUP 15.11.13R (Timing and form of notifications: conduct rules staff other than SMF managers) if it still has a claims management temporary permission on the commencement date:

(1) starts on the day it becomes fully authorised; and

(2) ends on the last day of the following August.

SUP TP 11A.24.8G applies however short the resulting reporting period may be.

Short Form A

This direction applies to a claims management firm that is required to submit to the FCA the annex to the application for a Part 4A permission called “Annex to application for part 4A permission to carry on claims management activity during temporary permission – The Individual Form” (a “TIF”) about a person (X) in relation to the firm.

This direction adds an additional circumstance to SUP 10C.10.8AD (How to apply for approval) in which the firm must use Form A (shortened form).

If the firm must make an application under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function by X in relation to the firm using Form A, it must use Form A (shortened form) if:

(a) the firm has submitted the TIF about X:

(i) at the same time as the application under section 59; or

(ii) within the previous nine months; 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 FCA in the TIF regarding the fitness and propriety of X may have changed since the date on which the TIF was submitted to the FCA.

This direction applies to an application under:

(a) SUP TP 11A.15 (Applications of approved persons to take effect from the commencement date);
<table>
<thead>
<tr>
<th>11A.24</th>
<th>Claims management firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b)</td>
<td>SUP TP 11A.15 as applied by SUP TP 11A.24; and</td>
</tr>
<tr>
<td>(c)</td>
<td>SUP 10C (FCA senior managers regime for approved persons in SMCR firms).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11A.25</th>
<th>Forms</th>
</tr>
</thead>
<tbody>
<tr>
<td>11A.25.1</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>11A.25.2</td>
<td>R</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Supervision

### Schedule 1

## Record keeping requirements

### Position of EEA insurers carrying out both direct and reinsurance business

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.

<table>
<thead>
<tr>
<th>Sch 1.2 G</th>
<th>Handbook reference</th>
<th>Subject of record</th>
<th>Contents of record</th>
<th>When record must be made</th>
<th>Retention period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SUP 4.3.17 R (3) [FCA] [PRA]</td>
<td>Data for actuary (or actuaries appointed under SUP 4 (Actuaries))</td>
<td>Such data as the actuary (or actuaries) appointed under SUP 4 (Actuaries) reasonably require</td>
<td>Not specified</td>
<td>Not specified</td>
</tr>
<tr>
<td></td>
<td>SUP 12.9.1 R, SUP 12.9.2 R, [FCA] [PRA]</td>
<td>Appointed representatives</td>
<td>(1) Appointed representative's name</td>
<td>On appointment, amendment of contract or termination of contract</td>
<td>3 years from termination or amendment of the contract, other than in respect of tied agents when period is five years.</td>
</tr>
<tr>
<td></td>
<td>SUP 12.9.5 R [FCA] [PRA]</td>
<td>EEA tied agents</td>
<td>If a UK MiFID investment firm appoints an EEA tied agent the record keeping requirements in SUP 12.9 applies to that firm as though the EEA tied agent were an appointed representative.</td>
<td>(2) Copy of the original contract with the ap-</td>
<td></td>
</tr>
<tr>
<td>Handbook reference</td>
<td>Subject of record</td>
<td>Contents of record</td>
<td>When record must be made</td>
<td>Retention period</td>
<td></td>
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<td>---------------------</td>
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<td>------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>SUP 13.11 [FCA] [PRA]</td>
<td>UK firm exercising EEA right</td>
<td>(a) the services or activities it carries on from a branch in, or provide cross border services into, another EEA State under that EEA right; and the requisite details or relevant details relating to those services or activities (if applicable)</td>
<td>Not specified</td>
<td>Three years from the earlier of the date on which:(a) it was superseded by a more up-to-date record; or</td>
<td></td>
</tr>
<tr>
<td>SUP 13.11.1 R [FCA] [PRA]</td>
<td>Exercise of passport rights by UK firms</td>
<td>(1) Services or activities carried on from a branch in, or provided cross-border into, another EEA State under an EEA right</td>
<td>Not specified</td>
<td>Five years (for firms passing under MiFID) or three years (for other firms) from earlier of:(1) re</td>
<td></td>
</tr>
<tr>
<td>Handbook reference</td>
<td>Subject of record</td>
<td>Contents of record</td>
<td>When record must be made</td>
<td>Retention period</td>
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<tr>
<td></td>
<td></td>
<td>(2) The details relating to those services or activities (as set out in SUP 13.6 and SUP 13.7).</td>
<td>(2) The firm ceasing to have any EEA branches or cross-border services.</td>
<td>cord being superseded;</td>
<td></td>
</tr>
<tr>
<td>SUP 16.8.23 R[FCA][PRA]</td>
<td>Persistency reports and data reports</td>
<td>Records to enable the <em>firm</em> to monitor regularly the persistency of life policies and stakeholder pensions effected through each of its representatives and make the required reports to the FCA.</td>
<td>Not specified</td>
<td>Not specified</td>
<td></td>
</tr>
</tbody>
</table>
## 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 FSA to make the rules in *SUP*:

<table>
<thead>
<tr>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>59 (Approval for particular arrangements)</td>
</tr>
<tr>
<td>138 (General rule-making power)</td>
</tr>
<tr>
<td>139(1) and (4) (Miscellaneous ancillary matters)</td>
</tr>
<tr>
<td>141 (Insurance business rules)</td>
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<tr>
<td>144 (Price stabilising rules)</td>
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<tr>
<td>145 (Financial promotion rules)</td>
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<tr>
<td>146 (Money laundering rules)</td>
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<tr>
<td>147 (Control of information rules)</td>
</tr>
<tr>
<td>149 (Evidential provisions)</td>
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<tr>
<td>150(2) (Actions for damages)</td>
</tr>
<tr>
<td>156 (General supplementary powers)</td>
</tr>
<tr>
<td>178 (Obligation to notify the Authority: acquisitions of control)</td>
</tr>
<tr>
<td>191D (Obligation to notify the Authority: dispositions of control)</td>
</tr>
<tr>
<td>238(5) (Restrictions on promotion)</td>
</tr>
<tr>
<td>247 (Trust scheme rules)</td>
</tr>
<tr>
<td>293 (Notification requirements)</td>
</tr>
<tr>
<td>318(1) (Exercise of powers through Council)</td>
</tr>
<tr>
<td>340 (Appointment)</td>
</tr>
<tr>
<td>341 (Access to books etc.)</td>
</tr>
<tr>
<td>Paragraph 17(1) (Fees) of Schedule 1 (The Financial Services Authority)</td>
</tr>
<tr>
<td>Paragraphs 19 (Establishment) and 20 (Services) of Schedule 3 (EEA Passport Rights)</td>
</tr>
<tr>
<td>Regulations 6(1) (FSA rules) and 12 (applications for authorisation) of the <em>OEIC Regulations</em></td>
</tr>
</tbody>
</table>

**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*:

<table>
<thead>
<tr>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>157(1) (Guidance)</td>
</tr>
</tbody>
</table>
The following powers and related provisions in or under the Act have been exercised by the FSA to give the guidance in SUP:


**Sch 4.3 G**
The following powers and related provisions in or under the Act have been exercised by the FSA 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)
- Paragraph 5(4) (Notice of Authority) of Schedule 4 (Treaty Rights)
- 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 138D of 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 actionable by a "private person" under section 138D (or, in certain circumstances, his fiduciary or representative). A "Yes" in the column headed "Removed" indicates that the FCA 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 indication of the type of person by whom the rule is actionable is given.

<table>
<thead>
<tr>
<th>Chapter/ Appendix</th>
<th>Section/ Annex</th>
<th>Paragraph</th>
<th>Right of action under section 138D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>For private person?</td>
</tr>
<tr>
<td>All rules in SUP with the status letter &quot;E&quot;</td>
<td></td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>3</td>
<td>8</td>
<td>All rules in the section</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>13</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>All rules in the section</td>
<td>No</td>
</tr>
<tr>
<td>10A</td>
<td></td>
<td>All rules in sections SUP 10A.1 to SUP 10A.11</td>
<td>No</td>
</tr>
<tr>
<td>10C</td>
<td></td>
<td>All rules in sections SUP 10C.1 to SUP 10C.9</td>
<td>No</td>
</tr>
<tr>
<td>All other rules in SUP</td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>
Supervision

Schedule 5A
Rights of actions for damages
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. However, if the rules incorporate requirements laid down in European directives, it will not be possible for the FCA to grant a waiver that would be incompatible with the United Kingdom's responsibilities under those directives.