Chapter 16

Reporting requirements

Notes for Completion of the Retail Mediation Activities Return ('RMAR')

Introduction: General notes on the RMAR

1. These notes aim to assist *firms* in completing and submitting the relevant sections of the **Retail Mediation Activities Return ('RMAR')**.

2. The purpose of the *RMAR* is to provide a framework for the collection of information required by the *FCA* as a basis for its supervision activities. It also has the purpose set out in *paragraph* 16.12.2G of the Supervision Manual, i.e. to help the *FCA* to monitor *firms'* capital adequacy and financial soundness.

Defined terms

3. *Handbook* terms are italicised in these notes.

4. Terms referred to in the *RMAR* and these notes, where defined by the Companies Acts 1985 or 2006, as appropriate, or other relevant accounting provisions, bear that meaning for these purposes. The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology without departing from their full meaning or effect.

Key abbreviations

5. The following table summarises the key abbreviations that are used in these notes:

APF	*Authorised professional firm*
AR	*Appointed representative*
CASS	The Client Assets sourcebook, part of the *Handbook*
COBS	The Conduct of Business sourcebook, part of the *Handbook*
CREDS	The Credit unions sourcebook, part of the *Handbook*
DISP	Dispute resolution: Complaints sourcebook, part of the *Handbook*
EEA	The *European Economic Area*
ICOB	The Insurance: Conduct of Business sourcebook, part of the *Handbook*
IDD	The *Insurance Distribution Directive*
IMD	The *Insurance Mediation Directive*
IPRU(INV)	The Interim Prudential sourcebook for investment businesses, part of the *Handbook*
ISD	The *Investment Services Directive*
LTCI	Long term care insurance
MCOB	The Mortgages and Home Finance: Conduct of Business sourcebook, part of the *Handbook*
MiFID	The *Markets in Financial Instruments Directive*
MIPRU	The Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries
PII	Professional indemnity insurance
RMAR	Retail Mediation Activities Return, i.e. the information requirements to which these notes refer.

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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.

Prudential reporting requirements	Section A (balance sheet)
	Section B (profit & loss)
	Section C (*client money*)
	Section D (capital requirements)
Threshold conditions	Section E (professional indemnity insurance)
	Section F (save in relation to questions about *approved persons*)
Training and Competence	Section G
Adviser charges	Section K

11. *Firms* that only carry on reinsurance distribution are not required to complete sections C or K.

Authorised professional firms

12.*Authorised professional firms* ('APFs') that are subject to IPRU-INV 2.1.3R (for their *investment activity*) or MIPRU 4.1.10R (for *insurance distribution activity* or *home finance mediation activity*) are not required to complete sections A, B2 or D. APFs that are members of the Law Society of England and Wales, the Law Society of Scotland or the Law Society of Northern Ireland are also not required to complete section C (see below).

13. The application of the capital requirements to APFs is set out in IPRU-INV 2.1.2R (for *retail investment activity*) and MIPRU 4.1.10R (for *home finance mediation activity* and *insurance distribution activity*).

14. Where APFs are required to submit financial information (i.e. sections A to E), they should do so in relation to all of their *regulated activities*. Sections F and K should also be completed in relation to all *regulated activities*. Other sections (G to I) need not include information in relation to *non-mainstream regulated activities*. However, APFs may complete all sections on the basis of all of their *regulated activities* if this approach is more cost effective.

Accounting principles

15. Subject to paragraph 15A below, which is in respect of section K only, the following principles should be adhered to by *firms* in the submission of financial information (sections A to E and section K).

(a) Unless a rule requires otherwise, amounts to be reported within the *firm's* balance sheet and profit and loss account should be determined in accordance with:

(i) the requirements of all relevant statutory provisions (e.g. Companies Act 2006, and secondary legislation made under this Act) as appropriate;

(ii) UK generally accepted accounting practice (UK GAAP) or, where applicable, *international accounting standards*;

(iii) the provisions of (c) and (d) below.

(b) If the *firm* is a body corporate with one or more *subsidiaries*, its financial statements should be unconsolidated.

(c)

(i) With the exception of section J, and sections K from 31 December 2012, all amounts should be shown in one of the reporting currencies accepted by the GABRIEL system, unless otherwise specified in the *Handbook* (e.g. in MIPRU 3.2.7R). Section J, and sections K from 31 December 2012, must be completed in pounds sterling.

(ii) A *firm* should translate assets and liabilities denominated in other currencies into the chosen reporting currency using the closing mid-market rate of exchange.

(iii) Taxation, when reported at a quarter or half year end, should be based on an estimate of the likely effective tax rate for the year applied to the interim.

(iv) Balances on *client bank accounts* and related client accounts must not form part of the *firm's* own balance sheet.

(d) No netting is permitted (that is, amounts in respect of items representing assets or income may not be offset against amounts in respect of items representing liabilities or expenditure, as the case may be, or vice versa).

15A. For the completion of section K, all figures should be provided on an accruals basis in line with UK Generally Accepted Accounting Practice (UK GAAP) or International Accounting Standards (IAS), unless a *firm* elects to complete section K on a cash basis. A *firm* may elect to complete section K, and only section K, on a cash basis by selecting this as the accounting basis for section K on GABRIEL.

Other

16. You will note that some questions in the *RMAR* refer to the "last reporting date". If the *RMAR* is being completed for the first time, you should treat the date the *firm* became authorised to carry on any of the relevant *regulated activities* as the "last reporting date", except where otherwise indicated (e.g. in sections E & H).

Where questions in the *RMAR* refer to "as at the end of the reporting period", you should treat the last day of the reporting period specified on GABRIEL as "as at the end of the reporting period".

17. Unless otherwise indicated, the information submitted should cover all of the *firm's* transactions in the relevant products, and all of its customers and *market counterparties* (where relevant).

NOTES FOR COMPLETION OF THE RMAR

Section A: Balance sheet

The balance sheet data should be compiled in accordance with generally accepted accounting practice. Incorporated *firms* will already be submitting this information to Companies House under Companies Act requirements, and it would normally be expected that non-incorporated *firms* would compile this data for management purposes.

Insurance intermediaries subject to *MIPRU* should, where debtors include amounts owed by their directors, group undertakings or undertakings in which the firm has a participating interest, enter the total amount falling due to the firm within one year in the data entry field entitled:

"Memo (1):

Total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors."

Insurance intermediaries subject to *MIPRU* should, where they include *shares* in *group undertakings* as part of their investments, where such investments are held as current assets, enter the total value to the *firm* in the data entry field entitled:

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"Memo (2):

Value of shares in group undertakings where such investments are held as current assets."

If further assistance is required in completing the balance sheet, professional guidance should be sought.

This information will be used by the *FCA* to monitor the *firm's* financial position and satisfy itself as to the *firm's* ongoing solvency. Aggregated data may also be used to inform our supervision activities.

The frequency of reporting for this section is determined by SUP 16.12.

Firms that have *appointed representatives* ('ARs') should note that balance sheet data should be submitted for the *firm* only, not its ARs.

Section B: Profit & loss account

Profit & loss ('P&L') should be reported on a cumulative basis throughout the *firm's* financial year.

B1 – regulated business revenue: covers the data required on the *firm's* revenue from its *regulated activities* within the scope of the *RMAR*.

B2 – other P&L: incorporates the remainder of the profit & loss data requirements.

Firms that receive combined income in relation to both regulated and non-regulated activities may have difficulties in separately identifying their regulated income from their non-regulated income. If this is the case, *firms* should, (a) in the first instance, ask the provider of the income for an indication of the regulated/non-regulated split; and (b) if this is not available, make an estimate of the income derived from each activity.

In sub-section B1, a *firm* that has *appointed representatives* ('ARs'), including a *network*, should ensure that the figures submitted for income are calculated before deducting any commissions shared with its ARs in respect of the *regulated activities* for which the *firm* has accepted responsibility as *principal*.

[**Note:** *Home purchase*, *reversion* and *regulated sale and rent back activity* should be included under the existing mortgage headings in this section of the *RMAR*]

Guide for completion of individual fields

Commissions (gross)	This should include all commission income in respect of the relevant regulated business: • for *home finance transactions*, this includes commissions received for *advising on home finance transactions* and *arranging*, but not, providing and administration; • for *non-investment insurance contracts*, it should include commissions received for advising, arranging and dealing activities; • for *retail investments*, only commission received in relation to the relevant activities should be recorded here. Gross commissions will include commission that is received and passed on to another *person*. Where commission is shared between two or more *firms*, the gross commission should not be double counted, i.e. each *firm* should report only the commission it has received.
Commissions (net)	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.
Fees/ Adviser charges / Consultancy charges	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*.
Other income from regulated activities	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*. 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.

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, overriders, 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 distribution activity* (see ■ CASS 5).

Note 2: [deleted]

Note 3: a *firm* that receives or holds money for its *MiFID business or designated investment business* that is not *MiFID business* and holds *money* to which ■ CASS 5 applies, may make an election under ■ CASS 7.10.3R(1) or (2) to comply with ■ CASS 7 for *money* it receives in the course of, or in connection with, its *insurance distribution activities*. Where a *firm* has made such an election, it should not complete section C of the *RMAR*, except to confirm that it holds *money* in connection with *insurance distribution activities* and has elected to comply with ■ CASS 7.

Note 4: a *firm* (e.g., a property management *firm*) that complies with the Royal Institute of Chartered Surveyors (RICS) Members' Accounts rules or, in relation to a service charge, the requirement to segregate such money in accordance with section 42 of the Landlord and Tenant Act (LTA) 1987 is deemed to comply with ■ CASS 5.3 to ■ CASS 5.6, provided that it satisfies the requirements of ■ CASS 5.5.49R to the extent that the *firm* will hold money as trustee or otherwise on behalf of its clients. Such a *firm* should only complete the questions in section C of the RMAR indicated in the guide for completion of individual fields below.

16 **Note 5:** an *authorised professional firm* regulated by The Law Society (of England and Wales), The Law Society of Scotland or The Law Society of Northern Ireland must comply with the rules of its *designated professional body* as specified in ■ CASS 5.1.4R, and if it does so, it will be deemed to comply with ■ CASS 5.2 to ■ CASS 5.6. These *firms* are not therefore required to complete section C of the *RMAR*.

Note 6: this *data item* does not apply to *firms* who only carry on *home finance mediation activities* exclusively in relation to *second charge regulated mortgage contracts* or *legacy CCA mortgage contracts* (or both) and who are not otherwise expected to complete it by virtue of carrying out other *regulated activities*: see ■ SUP 16.12.28AR, Note 3.

Note 7: *firms* should complete all applicable fields.

Guide for completion of individual fields

Question	Guidance notes
Does your *firm* receive or hold *money* in the course of, or in connection with, its *insurance distribution activity*?	*Firms* should answer 'yes' here if they hold *money* such that CASS 5.1 to CASS 5.6 applies (see CASS 5.1.1R). Firms to which note 4 applies should also answer 'yes'.
Has your *firm* elected under CASS 7.10.3R(1) or (2) to comply with CASS 7?	See note 3.
How does your *firm* hold *money* received in the course of, or in connection with, its *insurance distribution activity*?	You should answer 'yes' or 'no' under each of the headings, as appropriate. CASS 5 *Client money*: see CASS 5.1 As agent of insurer: 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*. *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. A *firm* may answer 'yes' under both headings.
Is your *firm*'s CASS 5 *client money* held under the CASS 5.3 statutory trust or under one or more CASS 5.4 non-statutory trusts?	You should indicate here the type of trust under which *client money* is held: Statutory trust – see CASS 5.3 Non-statutory trust – see CASS 5.4 A *firm* may answer 'yes' under both headings.
If non-statutory, has an auditor's confirmation of systems and controls been obtained?	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). This requirement is separate to the annual audit requirement in SUP 3.10.
Is *client money* invested or placed in anything other than a *client bank account*?	You should indicate 'yes' here if the *firm* has invested any *client money* other than in a *client bank account*. 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. This means of segregation is only permitted for *client money* held under a non-statutory trust.
Highest *client money* requirement (for money held as *client money*, taken from the *firm's client money* calculations)	See CASS 5.5.63R and CASS 5.5.66R to CASS 5.5.67R 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.

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Question	Guidance notes
	Only the single highest *client money* requirement figure should be entered, not the aggregate of the client money requirements calculated during the period.
Highest account balance (for *money* held as *client money*, taken from the *firm*'s records)	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.
Highest account balance for money held purely as agent of insurer (and not co-mingled with *client money*)	This refers to money held purely as agent of insurer under risk transfer agreements (see CASS 5.2) and held separate to any CASS 5 *client money*. The amount should be taken from the *firm's* own records. 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 client money* calculation performed closest, and prior, to the end of the reporting period.
Client money requirement as at end of the reporting period	See CASS 5.5.63R and CASS 5.5.66R to CASS 5.5.68R
Client money resource as at end of the reporting period	See CASS 5.5.63R and CASS 5.5.65R
Surplus (+) or deficit (-) of *client money* resource against *client money* requirement	See CASS 5.5.63R This should be the difference between the *client money* requirement and the *client money* resource.
Adjustments made to withdraw an excess or rectify a deficit	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.
Is your *firm* exempt from the client asset audit requirement?	See SUP 3.1.2R note 4 If the *firm* does not hold *client money* or other client assets in relation to *insurance intermediation activities* or only holds up to, but not exceeding, £30,000 of *client money* under a statutory trust arising under CASS 5.3 state 'yes' here.

Question	Guidance notes
	Firms to which note 4 applies should answer this question.
If not exempt, have you obtained a client assets audit in the last 12 months?	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'. *Firms* to which note 4 applies should answer this question.
What is the name of your *firm*'s client assets auditor?	Enter the name of the *firm's* auditor as it appears on the Financial Reporting Council's register of statutory auditors. *Firms* to which note 4 applies should answer this question.
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?	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. *Firms* to which note 4 applies should answer this question.
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?	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.
Does your *firm* hold any client documents or other assets (other than *client money*) in accordance with CASS 5.8?	If the *firm* is subject to the requirements of CASS 5.8, state 'yes' here.

Section D Regulatory Capital

[**Note:** *Home purchase*, *reversion* and *regulated sale and rent back activity* should be included under the heading of home finance in this section of the *RMAR*]

'Higher of' requirements

In this section there are separate calculations of regulatory capital and capital resources requirements for the different types of business covered by the data requirements. The calculations are the same, however, for both *home finance mediation activity* and *insurance distribution activity* relating to *non-investment insurance contracts*.

(i) The left column of the form covers the appropriate capital resources and connected requirements in ■ MIPRU 4 for *firms* carrying on *home finance mediation activity* (save for *firms* carrying on *home finance mediation activities* exclusively in relation to *second charge regulated mortgage contracts* or *legacy CCA mortgage contracts*, or both) or *insurance distribution activity* relating to *non-investment insurance contracts* (the requirements have to be completed for all applicable categories), or both.

(ii) For such a *firm* that is also subject to *MIFIDPRU*, the requirement is the higher of the two capital resources requirements that apply (see MIPRU 4.2.5R) and is compared with the higher of the two capital resources calculations (see MIPRU 4.4.1R).

(iii) For such a *firm* that is also subject to *IPRU(INV)*, the requirement is as computed in IPRU-INV 13.13.3R and is compared with the higher of the two capital resources calculations (see MIPRU 4.4.1R).

(iv) *Firms* that carry on *designated investment business* and are subject to the *RMAR*, but do not meet the definition of *personal investment firm* are not subject to the requirements of IPRU-INV 13. Such *firms*, e.g., stockbrokers that advise on *retail investments* as an incidental part of their business, remain subject to the financial resources requirements associated with their principal *regulated activities*.

Guide for completion of individual fields

Is the *firm* exempt from these capital resources requirements in relation to any of its retail or distribution mediation activities?	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: • Lloyd's *managing agents* (MIPRU 4.1.11R); • solo consolidated *subsidiaries of banks* or *building societies*; • small *credit unions* (as defined in MIPRU 4.1.8R); and • *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*).
Home finance mediation and non-investment insurance distribution	
Base requirement	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.
5% of annual income (firms holding client money)	For *firms* that hold *client money* or other *client* assets in relation to *insurance distribution activity* or *home finance mediation activity*, this should be calculated as 5% of the annual income (see MIPRU 4.2.11R(2)) from the *firm's insurance distribution activity*, *home finance mediation activity*, or both.
2.5% of annual income (firms not holding client money)	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.
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)*, *MIFIDPRU* and *MIPRU* must be considered to determine the appropriate requirement (see general notes (i) to (iii) above). If the resulting requirement for a firm is higher than the base *MIPRU* requirement then you should include the difference here.
Additional capital resources requirements for PII (if applicable)	If the *firm* has any increased excesses on its PII policies, the total of the additional capital requirements required by the table in MIPRU 3.2.14R should be recorded here. See also section E of the *RMAR*.
Total capital resources requirement	Totals of lines 5, 6 and 7
Capital resources	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)* or *MIFIDPRU*, this should be the higher of the capital resources per MIPRU 4 and the financial resources determined by *IPRU(INV)* or *MIFIDPRU*. See MIPRU 4.4.1R.
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 equivalent cover in lieu of PII, or is it otherwise exempt from holding PII in respect of any regulated activities (tick as appropriate)?	This question will establish whether a *firm* is exempt 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

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	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*.
If the firm does not hold a comparable guarantee or equivalent cover and is not exempt, does the firm currently hold PII?	*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*.
Has the firm renewed its PII cover since the last reporting date?	This question will ensure that a *firm* does not fill in Part 2 of the PII section of the *RMAR* each time it reports, if the information only changes annually. Where the *RMAR* form requires information which a *firm* has not submitted previously then this should be completed in the first submission period after those changes have come into force. 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*.
Has the basis of your PII cover changed since the last reporting date?	You should select 'yes' or 'no' to identify whether there has been a change in the cover in your *firm's* PII policy or policies since the last reporting date. If you enter 'yes' then you should specify any changes to the level of excess, period of cover or exclusion(s) in the relevant data fields.

Part 2

What activities are covered by the policy(ies)?	You should indicate which *regulated activities* are covered by the *firm's* PII policy or policies.
If your policy excludes all business activities carried on prior to a particular date (i.e. a retroactive start date), then insert the date here, if not please insert 'n/a'	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). • 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*.
Annual premium	This should be the annual premium that is paid by the *firm*, net of tax and any other add-ons.
Limit of indemnity	You should record here the indemnity limits on the *firm's* PII policy or policies, both in relation to single claims and in aggregate. Those firms subject to the *Mortgage Credit Directive* (*MCD*) (see MIPRU 3.2.9AR) or the *Insurance Distribution Directive* (*IDD*) requirements should state their limit in Euros; those that are not subject to the *MCD* or *IDD* should select 'Sterling' from the drop- down list. *Insurance intermediaries*, see MIPRU 3.2.7R and select either 'Euros' or 'Sterling' as applicable. *Home finance intermediaries* that are not *MCD credit intermediaries* should state their limit in Sterling (see MIPRU 3.2.9R). For *personal investment firms*, see IPRU-INV 13.1.9R and 13.1.13R and select either 'Euros' or 'Sterling' as applicable. If the *firm* is subject to more than one of the above limits (because of the scope of its *regulated activities*) and has one PII policy for all of its *regulated activities*, 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.

Policy excess	For *insurance intermediaries* and *home finance intermediaries*, see MIPRU 3.2.10-14R For *personal investment firms*, see IPRU-INV 13.1.25R.
Increased excess(es) for specific business types (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)	If the prescribed excess limit is exceeded for a type or types of business, the type(s) of business to which the increased excess applies and the amount(s) of the increased excess should be stated here. *Firms* should record each business type subject to an increased excess separately. (Some typical business types include advice on non-mainstream pooled investments, pensions, endowments, splits/zeroes, precipice bonds, income drawdown, *lifetime mortgages*, discretionary management, delegated authority work.)
Policy exclusion(s) (only in relation to exclusions you have had in, or will have during, the period covered by the policy)	If there are any exclusions in the *firm*'s PII policy which relate to any types of business 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. *Firms* should record each business type or activity subject to an exclusion separately. If no exclusions apply to the *firm's* PII policy, *firms* should state this here (eg 'No exclusions apply to this policy). (Some typical business types include advice on non-mainstream pooled investments, pensions, endowments, splits/zeroes, precipice bonds, income drawdown, *lifetime mortgages*, discretionary management.)
Time period to which the policy exclusion(s) relate	For any exclusions in the *firm's* PII policy, the *firm* should select whether the exclusion applies to types of business or activities carried out in the past ('past business'), during the period covered by the policy ('future business) or both ('past and future business').
Type of exclusion(s) (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)	The *firm* should enter the type of exclusion from the drop-down list. Some typical types include the volume of business or activity covered by the policy, the specific type of a particular business/activity covered by the policy and sub-limits to the level of indemnity for particular types of business/activity. If the type of exclusion is not listed firms should select 'other'.
Start Date	The date the current cover began.
End Date	The date the current cover expires.
Insurer name (please select from the drop-down list)	The *firm* should select the name of the *insurance undertaking* or Lloyd's syndicate providing cover named on the schedule or certificate of insurance. If the PII provider is not listed you should select 'other'. If a policy is underwritten by more than one *insurance undertaking* or Lloyd's syndicate, you

	should select the name of the lead *insurer* on your schedule or certificate of insurance.
Annual income as stated on the most recent proposal form	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).
Amount of additional capital required for increased excess(es) (where applicable, total amount for all PII policies)	This should be calculated using the tables in IPRU-INV 13.1.19R or MIPRU 3.2.14R as applicable. The total of additional capital (i.e. in relation to all of the *firm*'s PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional own funds for PII' in Section D.
Amount of additional own funds required for policy exclusion(s)	*Personal investment firms* only – this should be calculated in line with IPRU-INV 13.1.23R. The total of additional capital resources (i.e. in relation to all of the *firm*'s PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional capital resources for PII' in section D.
Total of additional own funds required	*Personal investment firms* only – this is the same figure as in section D, representing the total of additional capital resources required under IPRU-INV 13.1.23R to 13.1.27R for all of the *firm*'s PII policies.

Section F Threshold conditions

Close links

This section relates to *threshold condition* 3. *Firms* should consult ■ COND 2.3, as well as Chapter 11 of the Supervision Manual (‘*SUP*’).

Sole traders, *firms* which have *permission* to carry on *retail investment activities* only, *firms* with *permission* only to *advise on P2P agreements* (unless that activity is carried on exclusively with or for *professional clients*) or *firms* which have *permission* to carry on only one, or only both of:

(a) *insurance distribution activity*: or

(b) *home finance activity*;

and are not subject to the requirements of ■ SUP 16.4 or ■ SUP 16.5 (requirement to submit annual controllers report; or annual close links reports), will submit these reports in *RMAR* section F instead.

Controllers

In very broad terms, so far as those required to fill in this part of the return are concerned, the *Handbook* requires notification of changes in a *firm’s controllers* as follows.

A *UK domestic firm* other than a *UK insurance intermediary* must notify the *FCA* of any of the following events concerning the *firm*:

(1) a *person* acquiring *control* or ceasing to have *control*;

(2) an existing *controller* acquiring an additional *kind of control* or ceasing to have a *kind of control*;

(3) an existing *controller* increasing or decreasing a *kind of control* which he already has so that the percentage of shares or *voting power* concerned becomes or ceases to be equal to or greater than 20%, 30% or 50%;

(4) an existing *controller* becoming or ceasing to be a *parent undertaking*.

An *overseas firm* must notify the *FCA* of any of the following events concerning the *firm*:

(1) a *person* acquiring *control* or ceasing to have *control*;

(2) an existing *controller* becoming or ceasing to be a *parent undertaking*.

A *UK insurance intermediary* must notify the *FCA* of any of the following events concerning the *firm*:

(1) a *person* acquiring *control*;

(2) a *controller*:

(a) decreasing the percentage of shares held in the *firm* from 20% or more to less than 20%; or

(b) decreasing the percentage of shares held in a *parent undertaking* of the *firm* from 20% or more to less than 20%; or

(c) decreasing the percentage of voting power which it is entitled to exercise, or control the exercise of, in the *firm* from 20% or more to less than 20%; or

(d) decreasing the percentage of voting power which it is entitled to exercise, or control the exercise of, in a *parent undertaking* of the *firm* from 20% or more to less than 20%;

(3) an existing *controller* becoming or ceasing to be a *parent undertaking*.

A summary of these notification requirements is provided in Annex 1G of ■ SUP 11.

This section of the return replaces the annual *controllers* reporting requirement in ■ SUP 16.4.5R, which does not now apply to those *firms* subject only to the *RMAR* for the purposes of regulatory reporting. Moreover, the exemptions for certain other *firms* from the existing reporting requirement in ■ SUP 16.4.1G are retained.

Guide for completion of individual fields

Close links	
Has there been a notifiable change to the firm's close links?	See SUP 11.9. All *firms* should have notified the *FCA* immediately if they have become aware that they have become or ceased to be closely linked with *another person*. If there have been any changes in *close links* that have not been notified to the *FCA*, you should do this now. For detailed *guidance* on what constitutes a *close link*, see COND 2.3.
If yes, has the FCA been notified of it?	See SUP 11.9. All *firms* should have notified the *FCA* immediately if they have become aware that they have become or ceased to be closely linked with *another person*. If there have been any changes in *close links* that have not been notified to the *FCA*, you should do this now. For detailed *guidance* on what constitutes a *close link*, see COND 2.3.

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?	See SUP 11.4. If there have been any changes in *controllers* that have not been notified to the *FCA*, you should do this by means of your usual supervisory channels.
If yes, has the FCA been notified of it?	See SUP 11.4. If there have been any changes in *controllers* that have not been notified to the *FCA*, you should do this by means of your usual supervisory channels.

Section G Training and competence

[**Note:** *Home purchase*, *reversion* and *regulated sale and rent back activity* should be included under the 'advising on mortgages' heading in this section of the *RMAR*]

Principle 3 of the *Principles for Businesses* requires *firms* to take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems. This includes making proper arrangements for individuals associated with a *regulated activity* carried on by a *firm* to achieve and maintain competence.

We will use the data we collect in this section to assess the nature of *firms'* compliance with training and competence requirements. It will also establish the extent and nature of *firms*' business, and thereby assess the potential risks posed by *firms*' business activities.

Firms that have *appointed representatives* ('ARs') should note that the information submitted in this section should include its ARs as well as the *firm* itself.

Section G: guide for completion of individual fields

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.
1	Total number of *employees* at the *firm* as at the end of the reporting period	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 **not** be included.
Of which:		
2	Number of *employees* that give advice in each area	'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 **not** advise *retail customers*. Each area should be considered to refer to the four business types in the form.
26	Number of individual advisers employed by the *firm*	The total should be the actual number of individual advisers employed by the *firm*, regardless of whether they advise in one or more areas.

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3	Number of *employees* that give advice (FTE)	This should be the same data as above, but expressed in 'full time equivalent' terms. E.g. if the firm has 20 part time *employees* that work 50% of normal hours, the figure would be 10.
4	Number of *employees* that supervise others to give advice in each area	Note the requirements in the Training & Competence Sourcebook (TC 2.1.2R, TC 2.1.3G, TC 2.1.4G and TC 2.1.5R) for *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.
27	Number of individual *employees* with supervisory responsibilities	The total should be the actual number of individual supervisors at the *firm*, regardless of whether they supervise in one or more areas.
5	Number of advisers assessed as competent by the *firm* in each area	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 & 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.
30	Number of advisers assessed as competent in one or more areas	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.
18	Number of fully qualified advisers	The total number of advisers holding appropriate qualifications to carry on activities 2, 3, 4, 6, 12 and 13 in TC Appendix 1.1.1 R (other than in relation to a *Holloway sickness policy* where the *Holloway policy special application conditions* are met).
19	Number of advisers holding a valid Statement of Professional Standing (SPS)	The total number of *retail investment advisers* holding a valid SPS from an *accredited body*.
6	Number of advisers that hold an appropriate qualification in each area	This is a subset of the 'number of *employees* that give advice in each area' above. In the case of certain activities, TC 2 imposes requirements on firms in relation to their *employees* and passing examinations. 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. If advisers have appropriate qualifications in relation to more than one business type, they should be counted in each applicable field. Each area should be considered to refer to the four business types in the form.

29	Number of individual advisers holding at least one appropriate qualification	The total should be the actual number of individuals holding at least one appropriate qualification for advising on mortgages, acting as a *retail investment adviser*, or advising on second (and subsequent) charge mortgages.
25	Number of *employees* that left the *firm* during the reporting period	The total should be the actual number of *employees* whose last day of employment fell within the reporting period.
7	Number of advisers that left the *firm* during the reporting period	This is the total number of advisory *employees* whose last day of employment fell within the reporting period. If any of these advisers used to carry out advisory activities in relation to more than one business type, they should be counted in each applicable field.
28	Number of individual advisers that left the *firm* during the reporting period.	The total should be the actual number of individual advisers whose last day of employment fell within the reporting period.
Non-investment insurance (retail customers)		
20	Which types of non-investment insurance advice were provided by the firm in the reporting period?	For each type of advice, the *firm* should indicate whether or not advice has been provided on that basis / business type. **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). **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

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	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)		
13	Clawed back commission by number:	Number of policies where cancellations have led to commissions being clawed back during the reporting period.
14	Clawed back commission by value:	Total value of clawed back commission during the period.

Sub heading: Professional standards data

Professional Standards Data		
24	Please provide the following information for each of the *retail investment advisers* employed by the *firm* as at the end of the reporting period:	**Adviser ID** **Surname** **Forename** **Individual Reference Number (IRN)** 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 the date at which the *employee* first began to carry on the activity of a *retail investment adviser*, even if this was for a different *firm*. **SPS Start Date** For each competent *retail investment adviser*, provide the date of issue for their current SPS. Where the *retail investment adviser* has attained each module of an appropriate qualification but has not yet been assessed competent to carry on the activities of a *retail investment adviser*, this field is not required.

Section H Conduct of Business ('COBS') Data

In this section we are seeking data from *firms* in relation to general conduct of business and monitoring of appointed representatives.

We will use the data collected in this section to establish the extent and nature of *firms'* business, and thereby assess the potential risks posed by *firms'* business activities.

Firms that have *appointed representatives* ('ARs') should note that the information submitted in this section should take account of the business generated by its ARs as well as the *firm* itself.

General COBS data

In this sub-section we are requesting general information on the *firm's* conduct of business.

Monitoring of appointed representatives

An appointed representative ('AR') is a *person* (other than an *authorised person*) who:

(1) is a party to a contract with an *authorised person* who:

(a) permits or requires him to carry on business of a description prescribed in the *Appointed Representatives Regulations*; and

(b) complies with such requirements as are prescribed in those Regulations; and

(2) is someone for whose activities in carrying on the whole or part of that business his *principal* has accepted responsibility in writing; and who is therefore an *exempt person* in relation to any *regulated activity* comprised in the carrying on of that business for which his *principal* has accepted responsibility.

A *firm* has significant responsibilities in relation to an AR that it has appointed, which are set out in detail in ■ SUP 12. In summary, the *firm* is responsible, to the same extent as if it had expressly permitted it, for anything the *appointed representative* does or omits to do, in carrying on the business for which the *firm* has accepted responsibility.

Before a *firm* appoints a *person* as an *appointed representative*, and afterwards **on a continuing basis**, it should take reasonable care to ensure that:

(1) the appointment does not prevent the *firm* from satisfying and continuing to satisfy the *threshold conditions*;

(2) the *person*:

(a) is solvent;

(b) is suitable to act for the *firm* in that capacity; and

(c) has no *close links* which would be likely to prevent the effective supervision of the *person* by the *firm*;

(3) the *firm* has adequate:

(a) controls over the *person's regulated activities* for which the *firm* has responsibility (see ■ SYSC 3.1); and

(b) resources to monitor and enforce compliance by the *person* with the relevant requirements applying to the *regulated activities* for which the *firm* is responsible and with which the *person* is required to comply under its contract with the *firm*. Accordingly, *firms* are required to monitor and oversee the activities of their ARs. It is the *firm's* responsibility to be able to demonstrate that it has adequate procedures and resources in place to monitor these activities;

(4) the *firm* is ready and organised to comply with the other applicable requirements contained or referred to in ■ SUP 12; and

(5) the *person's* activities do not, or would not, result in undue risk of harm to *consumers* or market integrity.

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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*.
Of which, number of introducer ARs as at the end of the reporting period	See *Glossary* definition
Number of advisers within ARs as at the end of the reporting period	This should be the total of advisory staff across all of the *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.
Does the firm have appropriate systems and procedures in place to ensure that the activities of its ARs are effectively monitored and controlled?	A summary of the *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 fulfil 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.

Total non-investment insurance premium derived from retail customers (annualised)	Regular policy premiums received for a policy should be reported only once as an annualised figure in the return for the period that covers the date of the sale. There is then no need to report in subsequent returns. An annualised figure is also required if a policy premium is paid in one single payment.

(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	You should indicate in column A for each relevant product.
Please indicate in column B where the firm's business for retail customers in the product type formed more than 40% by premium of all of its non-investment insurance activities.	You should indicate in column B for each relevant product, based on an estimate of the percentage of business. If you think the product might account for more than 40% of business but are not sure, you should indicate that it does.
(ii) non-investment insurance chains	
Total non-investment insurance premium derived from retail customers	You should state here the total of premiums payable by *Retail customers* during the reporting period in relation to non- investment insurance products.
Of this business, please indicate in column D	If this business is significant (see definition above)

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where this business is significant (see notes above)	for one or more product types, this should be indicated in column D.
Product types:	The product types in this table are defined in the Interim Prudential sourcebook for insurers (‘*IPRU(INS)*’).

Section J: Data required for calculation of fees

Part 1

[Note: *Home purchase*, *reversion* and *regulated sale and rent back activity* should be included under the home finance headings in this section of the *RMAR*]

This information is required so that we can calculate the fees payable by *firms* in respect of the *FCA*, *FOS* and the *FSCS*.

Data for fees calculations	*Firms* will need to report data for the purpose of calculating *FCA*, *FOS* and *FSCS* levies.
FCA	The relevant information required is the tariff data set out in FEES 4 Annex 1AR Part 3 under fee-blocks A.13, A.18 and A.19. Note that *firms* are required to report tariff data information relating to all business falling within fee blocks A.13/A.18/A.19 and not simply that relating to retail investments.
FOS	The relevant information required is the tariff data set out in FEES 5 Annex 1R industry blocks 8, 9, 16 and 17. Note that *firms* are required to report tariff data information relating to all business falling within industry blocks 8/9, 16 and 17.
FSCS	The relevant information required is the tariff data set out in *categories* 1.1, 2.1 and 4.1, FEES 6 Annex 3AR. Note that *firms* are required to report tariff data information relating to all business falling within *categories* 1.1, 2.1 and 4.1, FEES 6 Annex 3AR.

Personal investment firms and *firms* whose regulated activities are limited to one or more of: *insurance distribution activitiy*, *home finance mediation activity*, or *retail investment activity*, are required to complete Part 1, section J of the *RMAR*.

Part 2

Firms submitting section J are required to identify in Part 2 how much of the annual income reported in 3A (life distribution and pensions intermediation) or 4A (investment intermediation) in Part 1 is earned from carrying on *regulated activities* relating to the offer or sale to or purchase by or on behalf of *clients* of *enhanced reporting investments*, broken down by category of *enhanced reporting investments* and by number of *clients*. A category of *enhanced reporting investment* is a type of *investment* listed in ■ COBS 9.3.5G(1).

For example, say a *firm* has earned £5,000 from *arranging deals* in *units* in *qualified investor schemes* on behalf of 26 investors. It has also earned £400 from advising two *clients* to purchase unlisted *shares*. *Units* in *qualified investor schemes* are a type of *non-mainstream pooled investment*, while the unlisted *shares* in this example are *non-readily realisable securities*. Accordingly, the *firm* would report:

Enhanced reporting investment	Annual income (per single unit of currency)	No. of clients
Non-mainstream pooled investment	£5000	26
Non-readily realisable securities	£400	2

Both Parts 1 and 2

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Firms which do not yet have data for a full 12 *months* ending on their *accounting reference date* (for example if they have not traded for a complete *financial year* by the time of the *accounting reference date*) should complete Section J with an 'annualised' figure based on the actual income up to their *accounting reference date*. That is, such *firms* should pro-rate the actual figure as if the *firm* had been trading for 12 *months* up to the *accounting reference date*. So for a *firm* with 2 *months* of actual income of £5000 as at its *accounting reference date*, the 'annualised' figure that the *firm* should report is £30,000.

The *guidance* in the following table sets out the *rules* which related to the data required in Section J of SUP 16 Annex 18AR.

	FCA Annual Income (£s)	FOS Relevant Annual Income (£s)	FSCS Annual Eligible Income (£s)
Home finance intermediation	FEES 4 Annex 11AR, 13G	FEES 5 Annex 1R industry block 16	FEES 6 Annex 3AR *category* 4.1
General insurance distribution	FEES 4 Annex 11AR, 13G	FEES 5 Annex 1R industry block 17	FEES 6 Annex 3AR *category* 1.1
Life distribution and investment intermediation	FEES 4 Annex 11AR, 13G	FEES 5 Annex 1R industry block 8, 9	FEES 6 Annex 3AR *category* 2.1

Section K Adviser charges

In this section we are seeking data from *firms* about *adviser charges* in respect of a *firm* providing a *personal recommendation* to a *retail client* on a *retail investment product* (COBS 6.1A and COBS 6.1B). We will use the data we collect to monitor and analyse the way these *firms* comply with the *rules* on *adviser charges*.

For the purposes of this *guidance* on section K and the field labels used on the data collection form, it has been assumed that the form will be completed on the default accruals basis set out in paragraph 15 in the accounting principles section of this Annex. Where a *firm* elects to report on a cash basis, in accordance with paragraph 15A in the accounting principles section of this Annex, references to the amount due within the reporting period should be read to mean the amount received within the reporting period.

The data in this section should only relate to the provision of a *personal recommendation* by the *firm* to a *retail client* for a *retail investment product* (or any related service provided by the *firm*).

Firms that have *appointed representatives* ('ARs') should include data from their ARs in the information submitted in this section.

Where *firms* are required to report data to two decimal places, *firms* should round the data to two decimal places (using a 5 in the third decimal place to round up) rather than report the data on a truncated basis. For example, two-thirds (2/3) should be reported as 0.67.

If a *firm* exclusively provides *independent advice* or *restricted advice*, the sections of the form not relevant to the *firm* should be left blank. This is illustrated in example 1.

Example 1 – Completing the form where the firm only provides either independent advice or restricted advice

A *firm* that exclusively provides *independent advice* would need to complete sections 1, 3 and 4 (columns A, B and E), leaving section 2 and columns C and D of section 4 blank.

A *firm* that exclusively provides *restricted advice* would need to complete sections 2, 3 and 4 (columns C, D and E), leaving section 1 and columns A and B of section 4 blank.

A *firm* providing both *independent* and *restricted advice* would need to complete sections 1 to 4 as appropriate.

Any revenue reported should be exclusive of VAT levied on the *retail client* (if applicable).

The way retail clients pay an adviser charge (columns A and B for rows 2 to 5 and 7 to 10)

Firms are required to provide a breakdown of the data provided in rows 2 to 5 and 7 to 10 based on the way in which a *retail client* pays their *adviser charge*.

Column A should include data on the *adviser charges* that are paid directly by the *retail client*. This would include, for example, where the *retail client* paid the *firm* directly through a cheque or bank transfer or where a payment was made on behalf of the *retail client* by the *retail client's* lawyer.

Where the *adviser charge* is facilitated by a *retail investment product* provider or *platform service provider*, this should be reported in column B.

Guide for completion of individual fields

In row 1, *firms* should select one of 'Independent/Restricted/Both/Did not provide advice' to indicate the type(s) of advice provided by the *firm*. *Firms* providing *independent advice* only should then complete sections 1, 3 and 4. *Firms* providing *restricted advice* only should then complete sections 2, 3 and 4. *Firms* providing both *independent advice* and *restricted advice* should complete all four sections. *Firms* that did not provide advice during the reporting period should select 'Did not provide advice' and complete the accounting basis question. Other sections should be left blank.

Retail investment product revenue from adviser charges (rows 2, 3, 7 and 8)

Revenue from all initial *adviser charges* including initial, one-off and ad hoc *adviser charges* (rows 2 and 7)	*Firms* should report the total revenue from distinct one-off advice services, being those services that are not covered by an ongoing *adviser charge*, as at the end of the reporting period. This would include, for example, revenue from initial, one-off and ad hoc *adviser charges*, irrespective of whether the charge is paid as a single payment or through regular instalments. Where an initial *adviser charge* is paid through regular instalments, which is only permitted in limited cases (as set out in COBS 6.1A.22R), only the amounts due within the reporting period should be reported. This is illustrated in example 2. **Example 2 - Reporting revenue from initial adviser charges payable in instalments** A *firm* giving *independent advice* provides advice to a *retail client* about a *retail investment product* where regular contributions are being made and there is a £600 initial *adviser charge* payable in two equal amounts – now and in 12 *months*' time. *Firms* should report £300 in row 2, as this is the amount due from that *retail client* within the reporting period. The remaining £300 of the total *adviser charge* payable would be reported for a future reporting period when it is due from the *retail client*.
Revenue from ongoing *adviser charges* (rows 3 and 8)	*Firms* should report the total revenue due within the reporting period for *adviser charges* for ongoing services which are not initial charges.

Where a *firm* has an agreement to provide both initial and ongoing advice, the revenue for the initial and ongoing advice services should be reported separately in rows 2 and 3 respectively for *independent advice*, and 7 and 8 for *restricted advice*.

Where a *firm* charges a *retail client* a fee for advice on a *retail investment product* and a *pure protection contract* or mortgage, *firms* should only report the *adviser charge* that relates to the *retail investment product*. This is illustrated in example 3.

Example 3 – Advice in relation to a retail investment product and non-investment product

A *firm* giving *independent advice* charges a *retail client* £1,000 for initial advice in relation to both a *retail investment product* and a *pure protection contract*. *Firms* should only report the *adviser charge* for the investment advice. In this case, the *firm's* charging structure quotes the cost of this investment advice as £600; therefore, £600 should be reported in row 2.

If a *firm* makes a management charge which covers *adviser charges* and charges for services that do not relate to a *personal recommendation* on *retail investment products*, then it should report the full amount of the management charge received. *Firms* should not differentiate between the amounts relevant to the different services. For example, if a *firm* makes a management charge for a non-discretionary management service that predominantly relates to advice on stocks and shares, but provides *personal recommendations* on *retail investment products* as part of this service, then it should report the whole of this charge.

If the *adviser charge* is partially paid directly by the *retail client* and partially facilitated by a *retail investment product* provider, the proportion of the *adviser charge* paid through each method should be reported separately on the form in the relevant columns. This is illustrated in example 4.

Example 4 – Reporting adviser charges that are paid by retail clients from more than one source

A *retail client* agrees to pay £1,000 for initial advice provided by a *firm* giving *independent advice* for a single contribution investment. The *retail client* pays £600 directly from their bank account, with £400 facilitated by a *platform service provider*. The form would be completed as follows:

Types of advice provided		**A**	
1	Indicate the type(s) of advice provided by the *firm*	Independent	
Section 1 – Independent advice			
		A	**B**
		Adviser charges paid direct by *retail clients*	*Adviser charges* facilitated by product providers or *platform service providers*
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	£400
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 clients* within the reporting period	0.60	0.40
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.

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If a *firm* offsets the *adviser charge* due from the *retail client* with trail commission received from an investment *product provider* for investments held by that *retail client* before 31 December 2012, *firms* should report the total *adviser charge* that is agreed with the *retail client*. This is illustrated in example 5. The conditions under which a *firm* may receive such commission are set out in COBS 6.1A.4AR and there is further guidance at COBS 6.1A.4AAG.

Example 5 – Commission offset against an adviser charge

A *firm* giving *independent advice* enters into an agreement to provide a *retail client* with ongoing advice. The *firm* charges the *retail client* £500 for this ongoing advice, but receives £200 in trail commission for existing investments held by the *retail client*. This trail commission is used to reduce the actual amount due from the *retail client* to £300. *Firms* should report the full £500 *adviser charge* in row 3, as this is the total *adviser charge* agreed with the *retail client*.

Payments of initial adviser charges (rows 4, 5, 9 and 10)

The data reported in this section of the form relates to the number of initial advice services provided within the reporting period, as at the end of the reporting period. This would include the number of services for which there are initial, one-off and ad hoc *adviser charges*. The data provided should be reported to two decimal places.

Aggregate number of initial *adviser charges* payable as lump sum payments due from *retail clients* within the reporting period (rows 4 and 9)	*Firms* should report the total number of initial adviser services provided where the *adviser charge* is payable as a single payment and due from *retail clients* in the reporting period, i.e. the *retail client* pays the entire initial *adviser charge* in one payment. Data reported in this section should be broken down by the way the *adviser charge* is paid. Where an individual *retail client* pays the initial *adviser charge* through more than one source, the proportion of the total payment made by that individual *retail client* should be identified and reported as a fraction to two decimal places in the applicable columns, as in example 4 above. If an initial *adviser charge* is not paid in full, it should be recorded under row 5 where *independent advice* is provided or row 10 where *restricted advice* is given.
Aggregate sum of the proportion of initial *adviser charges*, payable through regular instalments, due from *retail clients* within the reporting period (rows 5 and 10)	An initial *adviser charge* may be structured to be payable over a period of time when it relates to a *retail investment product* for which an instruction from the *retail client* for regular payments is in place and the *firm* has disclosed that no ongoing *personal recommendations* or service will be provided (COBS 6.1A.22R(2)). *Firms* should calculate the proportion of initial *adviser charges*, payable through regular instalments, that were due from each *retail client* within the reporting period. Each instalment due within the reporting period should be captured by the *firm* as a fraction expressed as a decimal, to two decimal places, representing the amount paid off as a proportion of the amount owed. The sum of these proportions should be reported in the appropriate data field (row 5 for *independent advice* and row 10 for *restricted advice*) to two decimal places. Data reported in this section should be broken down by the way the *adviser charge* is paid. Where the *retail client* pays an initial *adviser charge* through more than one source, the proportion of the charge paid through each source should be identified and reported in the applicable column. Data for rows 5 and 10 can be calculated either using (1) the length of the repayment period, if these instalments are of equal value or (2) the amount paid. These two methods are outlined below (both methods should arrive at the same answer). (1) For each *retail client* calculate the number of *months* in the reporting period in which equal instalments are made divided by the total number of *months* in which payments are due to be made. Report the sum of the proportions based on payment mechanism and type of advice in the appropriate field. (2) For each instalment calculate the amount paid divided by the total amount due. Report the sum of the proportions based on payment mechanism and type of advice in the appropriate field. This is illustrated in examples 6 and 7.

Example 6 – Reporting the number of initial adviser charges invoiced as regular payments

An *firm* giving *independent advice* provides advice to *retail client* A about an investment where regular contributions are being made and a £600 initial *adviser charge* is payable in two equal amounts – now and in 12 *months*' time. *Firms* should report 0.50 in row 5 for *retail client* A, as half the total initial *adviser charge* was payable within the reporting period. 0.50 would also be reported in a future reporting period, when the remaining *adviser charge* is due from *retail client* A.

The same *firm* provides advice to another *retail client* B about an investment where regular contributions are being made. A £900 initial *adviser charge*, payable in three equal instalments over the next three reporting periods, is agreed. 0.33 would be reported in row 5 for *retail client* B, as one-third of the total initial *adviser charge* is payable as at the end of the reporting period.

Reflecting the agreements with *retail clients* A and B, the form would be completed as follows:

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Number of one-off advice services (rows 6 and 11)

Total number of initial advice services, including initial, one-off and ad hoc advice services, provided within the reporting period (rows 6 and 11)	*Firms* should report the total number of distinct, chargeable one-off advice services provided to *retail clients* during the reporting period. This includes any advice given that was not funded through an ongoing *adviser charge*, which could include, for example, initial, one-off and ad hoc advice services for which there is a corresponding initial *adviser charge*. Rows 6 and 11 measure the number of one-off advice services provided to *retail clients* in the reporting period. Where the same *retail client* received more than one such advice service, such as an initial advice service and a separate ad hoc advice service that was funded through a separate *adviser charge*, this should be reported as two one-off advice services. Any advice agreements that were cancelled, with no initial *adviser charge* being paid, or where any initial charge paid was returned to the *retail client*, should not be reported. However, any initial advice services where the *retail client* paid an *adviser charge* to the adviser, even if the *retail client* did not act on the recommendations of that adviser, should be reported.

To illustrate the difference between data reported by an *independent advice firm* in row 6 and that previously provided in rows 4 and 5 (or where *restricted advice* has been provided, the difference between the data reported in row 11 and that previously provided in rows 9 and 10) please see example 8.

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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:

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Retail clients paying for ongoing advice services (rows 12 – 14)

Number of *retail clients* paying	*Firms* should report the number of *retail clients* paying for ongoing

for ongoing advice services at the end of the reporting period (row 12)	advice services (i.e. paying ongoing *adviser charges*) at the end of the reporting period. 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.
Number of *retail clients* who start paying for ongoing advice services during the reporting period (row 13)	*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: • new *retail clients* to the *firm* that agreed to start paying for an ongoing advice service; • 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; 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.
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.

Section M Pension Transfer Specialist advice

The data in this section should only relate to advice on *pension transfers* or *pension conversions*, meaning advice on the merits of a *pension transfer* or a *pension conversion* from *defined benefits pension schemes* or other *safeguarded benefits* but excluding transfers from or conversions of *safeguarded benefits* that are *guaranteed annuity rates*. A *retail client* transferring or converting multiple defined benefit pensions should be counted as a single *retail client* within RMA-M.

For this *guidance* on section M, all questions below relate to activity in the reporting period.

Guide for completion of individual fields

Qualifying question		
1	Has the *firm* or its *appointed representatives* provided advice to *retail clients* on converting or transferring from *defined benefits (DB) pension schemes* or other pensions with *safeguarded benefits* (excluding *guaranteed annuity rates*) in the reporting period?	This should include advice that was either *full pension transfer or conversion advice* or *abridged advice*. If the answer to the qualifying question is no, then no further questions need to be answered.
Part 1 – Business model		
2	How many *retail clients* in total did the *firm* and its *appointed representatives* provide with	This should only include the total number of *retail clients* that were provided with *full pension*

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Qualifying question		
	only *full pension transfer or conversion advice*?	*transfer or conversion advice*, including those that were recommended not to transfer or convert. It should exclude *retail clients* that were only provided with *abridged advice*.
3	How many *retail clients* in total did the *firm* and its *appointed representatives* provide with *abridged advice*?	This should include the total number of *retail clients* that were provided with *abridged advice*, including those that were recommended not to transfer or convert and those that proceeded to take *full pension transfer or conversion advice*.
4	How many *pension transfer specialists* were employed by, or working under the responsibility of, the *firm* and its *appointed representatives* at the end of the reporting period? Please provide the full-time equivalent numbers.	This should include all *pension transfer specialists* providing advice under the authorisation of the *firm* completing this return. This should not include *pension transfer specialists* working alongside the *firm*, but under responsibility of another authorised *firm*. Please express as full-time-equivalent numbers eg an individual working 4 out 5 days per week should be recorded as 0.80 FTE. Data must be entered to 2 decimal places.
5	How many introductions for advice on *pension transfers* and *pension conversions* were accepted by the *firm*, or its *appointed representatives*, from other authorised *firms*?	This should include introductions for *full pension transfer or conversion advice* and *abridged advice*. This should not include introductions from *firms* or individuals that are not authorised.
6	How many introductions for advice on *pension transfers* and *pension conversions* were accepted by the *firm*, or its *appointed representatives*, from introducer *firms* that were not authorised?	This should include introductions for *full pension transfer or conversion advice* and *abridged advice*. This should not include referrals not done by way of business, for example by friends or family. Nor should it include referrals from *UK* accredited accountancy or legal *firms* that are regulated by a *designated professional body*. For more information on introducers, please see our website: https://www.fca.org.uk/news/news-stories/investment-advisers-responsibilities-accepting-business-unauthorised-introducers-lead-generators
7	Of the total *retail clients* in Question 2, how many did the *firm* and its *appointed representatives* provide with *full pension transfer or conversion advice* but not on the investment	This is specifically looking for the number of *retail clients* where the choice of investment for the proceeds of the transfer has been recommended by another authorised *firm* or chosen

Qualifying question		
	of proceeds of the transfer or conversion?	by the *retail client* (whether based on information provided by an introducer or not).
Part 2 – Appointed representatives		
8	Of the *retail clients* who were reported under Question 2, how many were advised by an *appointed representative* of the *firm*?	This is specifically looking for the number of *retail clients* advised by the *firm's appointed representatives*.
9	Of the *retail clients* reported in Question 3, how many were given *abridged advice* by an *appointed representative* of the *firm*?	As with Question 8, this is specifically looking for the number of *retail clients* advised by *appointed representatives*.
10	Focusing on the *appointed representative* that gave *full pension transfer or conversion advice* to the most *retail clients*, how many *retail clients* did they advise?	*Firms* should identify the *appointed representative* that provided *full pension transfer or conversion advice* to the highest number of *retail clients*.
Part 3 – Personal recommendations to transfer		
11	Of the *retail clients* reported in Question 2, how many did the *firm* and its *appointed representatives* provide with a *personal recommendation* to transfer or convert their pension?	This should include the total number of *retail clients* that were provided with *full pension transfer or conversion advice*, excluding those that were recommended not to transfer or convert.
12	Of the *retail clients* in Question 11, what was the total transfer value of the *pension transfers* and *pension conversions*?	This should be the total transfer value of *pension transfers* and *pension conversions* collected by the *principal firm* and *appointed representatives* from those *retail clients* provided with a *personal recommendation* to transfer or convert their pension (as reported under Question 11).
13	Of the *retail clients* reported in Question 11, what was the total revenue derived from initial *advisory charges* for *full pension transfer advice*, including advice on the investment of the proceeds?	This should be the total revenue collected by the principal *firm* and *appointed representatives* for the initial *advisory charges* for *full pension transfer or conversion advice*. This should include all initial charges for the *full pension transfer or conversion advice*, including the investment advice on the proposed destination where relevant, and arranging a *pension transfer* or *pension conversion*. It should exclude any ongoing charges the *retail client* has agreed to pay. It should also exclude any separate initial charges for *abridged advice*.

Qualifying question		
14	Of the *retail clients* reported under Question 11, how many satisfied the requirement for one or more of the exceptions to the ban on contingent charging and so charged in full or partially on a contingent basis?	This should include the total number of *retail clients* that were provided with a *personal recommendation* to transfer or convert their pension, that were also charged in full or partially on a contingent basis. Only *retail clients* that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.
Part 4 – Personal recommendations not to transfer		
15	Of the *retail clients* reported in Question 2, how many did the *firm* and its *appointed representatives* provide with a *personal recommendation* not to transfer or convert their pension after receiving *full pension transfer or conversion advice*?	This should include the total number of *retail clients* that were provided with a *personal recommendation* NOT to transfer or convert their pension after receiving only full pension transfer or conversion advice. This should not include *abridged advice* recommendations.
16	Of the *retail clients* reported in Question 3, how many did the *firm* and its *appointed representatives* provide with a *personal recommendation* not to transfer or convert their pension after receiving *abridged advice*?	This should include the total number of *retail clients* that were provided with a *personal recommendation* NOT to transfer or convert their pension after receiving only *abridged advice*. This should not include *full pension transfer or conversion advice* recommendations.
17	Of the *retail clients* reported in Question 15, what was the total transfer value of the *pension transfers* and *pension conversions*?	This should include the total transfer value of *retail clients* provided with a *personal recommendation* not to transfer or convert their pension after receiving *full pension transfer or conversion advice*.
18	Of the *retail clients* reported in Question 15, what was the total revenue derived from the initial *advisory charges* for *full pension transfer or conversion advice* on the *pension transfers* and *pension conversions*?	This should be the revenue collected by the principal *firm* and *appointed representatives*. This should not include transfer revenue from *abridged advice* recommendations.
19	Of the *retail clients* reported in Question 16, what was the total revenue derived from *abridged advice* on *pension transfers* and *pension conversions*?	This should be the revenue collected by the principal *firm* and *appointed representatives*.

Qualifying question		
20	For how many *retail clients* did the *firm* arrange a *pension transfer or conversion* on an insistent client basis after providing *full pension transfer or conversion advice*?	*Retail clients* should only be considered insistent clients if the *firm* or its *appointed representatives* initially provided a personal recommendation not to transfer following *full pension transfer or conversion advice*.
21	Of the *retail clients* that satisfied the requirement for one or more of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, what was the total initial revenue derived from the *firm* accepting to process the *pension transfers* or pension conversions on a non-insistent client basis (including providing advice on the investment of the proceeds)?	This should be the total initial revenue derived from *retail clients* that satisfy the requirement for one of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, and that **WERE NOT** processed on an insistent client basis. Only *retail clients* that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.
22	Of the *retail clients* that satisfied the requirement for one or more of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis what was the total initial revenue derived from the *firm* accepting to process the *pension transfers* or *pension conversions* on an insistent client basis (including providing advice on the investment of the proceeds)?	This should be the total initial revenue derived from *retail clients* that satisfy the requirement for one of the exceptions to the ban on contingent charging and charged in full or partially on a contingent basis, and that **WERE** processed on an insistent client basis. Only *retail clients* that satisfy the requirement for the serious ill-health carve-out exemption and/or the serious financial difficulty carve-out exemption may be charged in full or partially on a contingent basis.
Part 5 – Ongoing services		
23	How many *retail clients* did the *firm* arrange a *pension transfer* or *pension conversion* for?	This should be measured at the point of receiving the *retail client's* request to arrange a *pension transfer* or *pension conversion*. This should include: •those advised to transfer or convert by the *firm* or its *appointed representatives* (as reported in Question 11); •insistent client transfers or conversions (as reported in Question 20); and •any *retail client* that did not receive advice on the transfer or

Qualifying question		
		conversion by the *firm* (for example, for less than £30k pots or those transfers or conversions executed by the *firm* where the *retail client* had received advice from a different *firm*).
24	Of the *retail clients* in Question 23, how many agreed to an ongoing advice service provided by the *firm* its *appointed representatives*?	This should be the total number of *retail clients* that the *firm* arranged a *pension transfer* or *pension conversion* for, that also agreed to an ongoing advice service provided by the *firm* or its *appointed representatives*?
Part 6 – Charging structures		
25	Of the *retail clients* reported in Question 2, how many were advised under a charging structure which meant the advisory charge was only payable if the retail client proceeded with the transfer or conversion (charging fully or partially contingent on a transfer or conversion taking place)?	This should be the total number of *retail clients* that were eligible one or more of the exemptions to the ban on contingent charging and charged in full or partially on a contingent basis.
26	Of the *retail clients* reported under Question 2, how many were advised under a charging structure which meant that the *advisory charge* remained the same whether or not the *retail client* proceeded with the transfer or conversion? (charging completely non-contingent)	This should be the total number of *retail clients* that were not eligible for one or more of the exceptions to the ban on contingent charging and charged in full on a non-contingent basis. This excludes *retail clients* who only received *abridged advice*.
Part 7 – Product and investment solutions		
27	How many *retail clients* proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of 0.75% or less?	This should include all charges associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include *retail clients* that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.
28	How many *retail clients* proceeded to transfer or convert into an investment solution	This should include all costs associated with the ongoing investment eg discretionary fund

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Qualifying question		
	that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 0.75% and less than or equal to 1.5%?	management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include *retail clients* that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.
29	How many *retail clients* proceeded to transfer or convert into an investment solution that had annual ongoing product and investment charges (excluding ongoing advice charges) of more than 1.5%?	This should include all costs associated with the ongoing investment eg discretionary fund management, platform, product, tax wrapper or investment charges. This should not include ongoing advice charges. Where the cost is expected to vary over time, include the average for the first 5 years. This should not include *retail clients* that did not plan to have any money remain invested, such as those immediately making a full encashment or purchasing an annuity with the full balance of the transfer.
30	How many *retail clients* proceeded to transfer into a solution that had higher ongoing charges than their workplace pension?	This should include *retail clients* advised to transfer and insistent client transfers. This should not include *retail clients* that planned to immediately withdraw the full balance on transfer. It should also not include *retail clients* without a workplace pension or where the workplace pension would not accept a transfer.
31	How many *retail clients* proceeded to transfer into a workplace pension?	This question refers to those *retail clients* that proceeded to transfer to a workplace pension covered by 0.75% charge cap.
32	How many *retail clients* proceeded to transfer or convert where the investment solution included investments subject to regulatory restrictions on retail distribution?	This should include *retail clients* advised to transfer and insistent client transfers. For investments subject to restrictions on retail distribution see COBS 9.3.5G: https://www.handbook.fca.org.uk/handbook/COBS/9/3.html?date=2016-03-07
33	How many *retail clients* proceeded to transfer into a qualifying recognised overseas pension scheme (QROPs) or another overseas pension scheme?	This should include *retail clients* advised to transfer and insistent client transfers.

Qualifying question		
Part 8 – Guidance		
34	How many *retail clients* were provided with guidance (eg through a triage service) in the reporting period?	This should include *retail clients* that were provided with guidance from the *principal firm* and its *appointed representative* only.
35	Of the *retail clients* reported under Question 2, how many were provided with guidance (eg through a triage service)?	This should include the total number of *retail clients* that the *firm* and its *appointed representatives* provided with *full pension transfer or conversion advice* that were also provided with guidance.