

INTEGRATED REGULATORY REPORTING INSTRUMENT 2004

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 156 (General supplementary powers); and
 - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 April 2005.

Amendments to the Supervision Manual (Reporting and Audit Requirements) Instrument 2004 (FSA 2004/29)

- D. The commencement of certain provisions introduced by the Supervision Manual (Reporting and Audit Requirements) Instrument 2004 (FSA 2004/29) is suspended until the Financial Services Authority by subsequent instrument provides for the commencement of these provisions. The affected amendments are set out in Annex A to this instrument.

Amendments to the Electronic Reporting Requirements and Standing Data Instrument 2004 (FSA 2004/30)

- E. The commencement of certain provisions introduced by the Electronic Reporting Requirements and Standing Data Instrument 2004 (FSA 2004/30) is suspended until the Financial Services Authority by subsequent instrument provides for the commencement of these provisions. The affected provisions are set out in Annex B to this instrument.

Amendments to the Supervision manual

- F. The Supervision manual is amended in accordance with Annex C to this instrument.

Amendments to the Dispute resolution: Complaints sourcebook

- G. The Dispute resolution: Complaints sourcebook is amended in accordance with Annex D to this instrument.

Citation

- H. This instrument may be cited as the Integrated Regulatory Reporting Instrument 2004.

By order of the Board
20 October 2004

Annex A
Amendments to the Supervision Manual (Reporting and Audit Requirements)
Instrument 2004 (FSA 2004/29)

The commencement of the following provisions made in Part 3 of Annex A of the Supervision Manual (Reporting and Audit Requirements) Instrument 2004 (FSA 2004/29) is suspended until the Financial Services Authority by subsequent instrument provides for the commencement of these provisions.

The provisions whose commencement is suspended are:

1. *SUP 16.1.3 R*: insertion into the table of:

...		
<i>SUP 16.7</i>	
	<i>Insurer</i> <i>Friendly society</i>	<i>SUP 16.7.73 R to SUP 16.7.75 R</i>
	...	

2. *SUP 16.7.2 G*: amendments made to this guidance

3. *SUP 16.7.5 G*: insertion into the table of:

...	
<i>Insurer</i> <i>Friendly society</i>	<i>SUP 16.7.73 R to SUP 16.7.75 R</i>
...	

4. Amendments made to:

- a. *SUP 16.7.8 R*
- b. *SUP 16.7.10 R*
- c. *SUP 16.7.12 R*
- d. *SUP 16.7.17 R*
- e. *SUP 16.7.21 R*
- f. *SUP 16.7.25 R*
- g. *SUP 16.7.27 R*
- h. *SUP 16.7.29 R*

- i. *SUP* 16.7.33 R
 - j. *SUP* 16.7.36 R
 - k. *SUP* 16.7.58 R
 - l. *SUP* 16.7.63 R
 - m. *SUP* 16.7.63A G
 - n. *SUP* 16.7.66 R
5. Insertion of the following new provisions:
- a. *SUP* 16.7.73 R
 - b. *SUP* 16.7.74 R
 - c. *SUP* 16.7.75 R

Annex B

Amendments to the Electronic Reporting Requirements and Standing Data Instrument 2004 (FSA 2004/30)

The commencement of the following provisions introduced by the Electronic Reporting Requirements and Standing Data Instrument 2004 (FSA 2004/30) is suspended until the Financial Services Authority by subsequent instrument provides for the commencement of these provisions.

The provisions whose commencement is suspended are:

1. *SUP* 16.10.4 R (2)
2. The following provisions of *SUP* 16 Annex 16R
 3. Country of incorporation
 11. Whether the *firm* is an "*ISD investment firm*"
 12. *Firm* types
 13. *Passported activities*
3. All of *SUP* 16 Annex 17R

Annex C

Amendments to the Supervision manual

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

Part 1: Amendments to SUP Transitional Provisions

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: dates in force	Handbook provision: coming into force
12B	SUP 16.7.7R; SUP 16.7.9R; SUP 16.7.11R; SUP 16.7.16R; SUP 16.7.20R; SUP 16.7.24R; SUP 16.7.26R; SUP 16.7.28R; SUP 16.7.35R; SUP 16.7.54R; SUP 16.7.57R; SUP 16.7.62R; SUP 16.7.65R; SUP	R	<p>(1) Where a <i>rule</i> in SUP 16.7 requires a <i>firm</i> to submit information using the <i>RMAR</i> on a half-yearly basis, and the <i>firm</i> has:</p> <p style="padding-left: 20px;">(a) annual income of less than £5m but more than £60,000 in total from <i>insurance mediation activity, mortgage mediation activity</i> and <i>retail investment activity</i> <u>its permitted activities as a personal investment firm</u>, and</p> <p style="text-align: center;">...</p> <p>(2) Where a <i>rule</i> in SUP 16.7 requires a <i>firm</i> to submit information using the <i>RMAR</i> on a half-yearly basis, and the <i>firm</i> has:</p> <p style="padding-left: 20px;">(a) annual income of less than £5m but more than £60,000 in total from <i>insurance mediation activity, mortgage mediation activity</i> and <i>retail investment activity</i> <u>its permitted activities as a personal investment firm</u>, and</p> <p style="text-align: center;">...</p> <p>(4) Where a <i>rule</i> in SUP 16.7 requires a <i>firm</i> to submit information using the <i>RMAR</i> on a half-yearly basis, and the <i>firm</i> has:</p> <p style="padding-left: 20px;">(a) annual income of less than £60,000 in total from <i>insurance mediation activity, mortgage mediation activity</i> and <i>retail investment activity</i> <u>its permitted activities as a personal investment firm</u>, and</p> <p style="padding-left: 20px;">(b) an <i>accounting reference date</i> which falls between 31 December 2004 1 January</p>	From 1 April 2005	1 April 2005

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision				(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
	16.7.73R; SUP 16.7.76R SUP 16.7.79R SUP 16.7.80R		<p>2005 and 30¹ December 2005 the relevant <i>rule</i> must be read as requiring the first return to be provided in accordance with SUP TR 12DR.</p> <p>the relevant <i>rule</i> must be read as requiring the first return to be provided in accordance with <u>SUP TR 12DR.</u></p> <p>(5) Where a rule in SUP 16.7 requires a <i>firm</i> to submit information using the <i>RMAR</i> on a quarterly basis, and the firm has an <u>accounting reference date</u> which falls between 31 December 2004 and 30 December 2005 the <i>relevant rule</i> must be read as requiring the first return to be provided with <u>SUP TR 14B.</u></p>					
12C		R	If SUP TR 12B R (1) - (3) applies, the <i>firm's</i> first return must be provided as follows:					
			<i>Accounting reference date</i>	Reporting period starts	Reporting period ends	Return to be provided		
				
			<u>31 December 2004</u>	<u>1 April 2005</u>	<u>30 June 2005</u>	<u>30 business days after the period end</u>		
			Between 31 December 2004 <u>1 January 2005</u> and 31 March 2005	1 April 2005	6 months after <u>the accounting reference date</u> within 2005	30 <i>business days</i> after period end		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision				(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
12D		R	(1) If <i>SUP</i> TR 12B R (4) applies, the <i>firm's</i> first return must be provided as follows:					
			<i>Accounting reference date</i>	Reporting period starts	Reporting period ends	Return to be provided		
			<u>31 December 2004</u>	<u>1 April 2005</u>	<u>30 June 2005</u>	<u>30 business days after period end</u> (Note 1)		
			Between 31 December 2004 <u>1 January 2005</u> and 31 March 2005	1 April 2005	6 months after <u>the accounting reference date</u> within 2005	30 <i>business days</i> after period end (Note 1)		
			Between 1 April 2005 and 29 June 2005	the business day following <u>the accounting reference date</u> within 2005	6 months after <u>the accounting reference date</u> within 2005	30 <i>business days</i> after period end (Note 1)		
				
			Between 30 September 2005 and 30	<u>The day after 6 months preceding the</u>		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision				(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
			December 2005	<i>accounting reference date</i> within 2005				
12E		R	(2) If <i>SUP</i> TR 12B R(4) applies, the <i>firm's</i> second return must be provided as follows:					
			<u><i>Accounting reference date</i></u>	<u><i>Reporting period starts</i></u>	<u><i>Reporting period ends</i></u>	<u><i>Return to be provided</i></u>		
			Between 30 June 2005 and 29 September 2005	the <i>business day</i> following the <u><i>accounting reference date</i></u> within 2005	6 months after the <u><i>Accounting reference date</i></u> within 2005	...		
14B		R	If <i>SUP</i> TR 12B R (5) applies, the <i>firm's</i> first return must be provided as follows:					
			<u><i>Accounting reference date</i></u>	<u><i>Reporting period starts</i></u>	<u><i>Reporting period ends</i></u>	<u><i>Return to be provided</i></u>		
			<u>31 December 2004</u>	<u>1 April 2005</u>	<u>30 June 2005</u>	<u>30 <i>business days</i> after period end</u>		
			<u>Between 1 January 2005 and 31 March</u>	<u>1 April 2005</u>	<u>6 months after the <i>accounting reference date</i> within</u>	<u>30 <i>business days</i> after period</u>		

(1)	(2)	(3)	(4)				(5)	(6)
	Material to which the transitional provision applies		Transitional provision				Transitional provision: dates in force	Handbook provision: coming into force
			<u>2005</u>		<u>2005</u>	<u>end</u> (Note 2)		
			<u>Between 1 April 2005 and 29 June 2005</u>	<u>The day following the accounting reference date within 2005</u>	<u>3 months after the accounting reference date within 2005</u>	<u>30 business days after period end</u> (Note 2)		
			<u>Between 30 June 2005 and 29 September 2005</u>	<u>1 April 2005</u>	<u>Accounting reference date within 2005</u>	<u>30 business days after period end</u> (Note 2)		
			<u>Between 30 September 2005 and 30 December 2005</u>	<u>The day after 6 months preceding the accounting reference date within 2005</u>	<u>3 months preceding the accounting reference date within 2005</u>	<u>30 business days after period end</u> (Note 3)		
14C	<u>16.10.4</u>	R	<u>A firm whose accounting reference date falls between 1 April 2005 and 30 June 2005 (inclusive) need not comply with SUP 16.10.4 R until its accounting reference date in 2006.</u>				<u>1 April 2005 – 30 June 2005</u>	<u>1 April 2005</u>
14D	<u>16.11.3</u>	R	<u>The report under SUP 16.11.3 R (1) for the quarter 1 April to 30 June 2005, together with the report for the quarter 1 July to 30 September 2005 must be submitted within 20 business days after the end of the 1 July -30 September 2005 quarter.</u>				<u>1 April 2005 – 30 June 2005</u>	<u>1 April 2005</u>

Note 2 = Sections A, B, C, D, E of the *RMAR* should be reported for the 3 months to the reporting end date.

Note 3 = This should only cover sections A, B, C, D, E of the *RMAR*

Part 2: Amendments to SUP 16

16.1.3 R

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
<i>SUP 16.7</i>	
	<p>A <i>firm</i> not subject to other reporting requirements in <i>SUP 16.7.1-16.7.75</i>:</p> <p>...</p> <p>(2) which is a <i>retail investment firm</i> <i>personal investment firm</i></p>	<p><i>SUP 16.7.76 R</i> to <i>SUP 16.7.81 G</i></p>
	...	

...

16.3.2 G ...

(7) ~~Confirmation~~ Verification of *standing data* (*SUP 16.10*); and ...

...

16.3.9 R (6) Online submission via the *FSA's* website at www.fsa.gov.uk

...

16.7.5 G Table Applicable rules and guidance on reports (see *SUP 16.7.1G*)

Firm Category	Applicable rules and guidance
....	
<p>A <i>firm</i> not subject to other reporting requirements in <i>SUP 16.7.1-16.7.75</i>:</p> <p>...</p> <p>(b) which is a <i>retail investment firm</i> <i>personal investment firm</i></p>	<p><i>SUP 16.7.76 R</i> to <i>SUP 16.7.81 G</i></p>

...

16.7.6B G The *RMAR* is relevant to the reporting requirements of personal investment firms and firms carrying on insurance mediation activity, mortgage mediation activity or retail investment activity. ...

16.7.6C R Where reference is made in SUP 16.7 to adequate information relating to ~~the following activities~~:

(1) a personal investment firm; or

(2) the following activities:

(a) *insurance mediation activity*; or

(b) *mortgage mediation activity*; or

(c) *retail investment activity*;

this includes ...

...

16.7.54 R (1) An *authorised professional firm* must submit an annual questionnaire ... unless:

(a) its only *regulated activities* are one or more of:

(i) *insurance mediation*;

(ii) *mortgage mediation*;

(iii) *retail investment*;

(iv) *mortgage lending*;

(v) *mortgage administration*; or

(b) its "main business" as determined by IPRU (INV) 2.1.2 R (3) is advising on, or arranging deals in, packaged products, or managing investments for private customers.

(e)

16.7.54A R Table

Report	Return (Note 1)	Frequency	Due date
Adequate information relating to the following activities: (1)

(4) <u>advising on, or arranging deals in, packaged products, or managing investments for private customers where these activities are the authorised professional firm's "main business" as determined by IPRU (INV) 2.1.2 R (3)</u>			
---	--	--	--

...

16.7.76 R Replace the reference in paragraph (b) to "retail investment firm" with "personal investment firm".

16.7.77 R Table

Insert new text as underlined:

Report	Return (Note 1)	Frequency	Due date
Adequate information relating to: <u>(1) a personal investment firm; or</u> <u>(2) the following activities:</u> <u>(a) insurance mediation activity;</u> <u>(b) ...</u> <u>(c) ...</u>
...			
If the firm is a mortgage lender or mortgage administrator, annual report and audited accounts.	N/A	Annually	3 months after the firm's accounting reference date
<u>Consolidated supervision return (note 5)</u>		<u>Half yearly</u>	<u>4 months after end of relevant 6-month period</u>
<u>Annual accounts of the mixed-activity holding company (Note 6)</u>		<u>Annually</u>	<u>As soon as available after year-end</u>

...

Note 5 = This report is only required from a category A1, A2 or A3 personal investment firm if it is a member of a group, and it is subject to consolidated

supervision as set out in IPRU (INV) Chapter 14.

Note 6 = This report is only required from a category A1, A2 or A3 *personal investment firm* if its ultimate parent is a *mixed-activity holding company*

...

16.10 ~~Confirmation~~ Verification of standing data

...

Requirement to check accuracy of standing data and to report changes to the FSA

16.10.4 R ...

(3) If any *standing data* is incorrect, the *firm* must give the corrected *standing data* to ~~the *firm's* usual supervisory contact at the FSA,~~ by electronic mail using the appropriate form submitted in accordance with instructions on that form.

16.10.5 G The *standing data* is made available to the *firm* when the *firm* logs into the appropriate section of the FSA website. The *firm* should check the *standing data* and send any corrections to the FSA. ~~If there are no errors, the *firm* will be asked to signal this by pressing the appropriate button on the web page.~~ The FSA's preferred method of receiving corrections to *standing data* is by the online forms available at the FSA's website.

...

16.10.7 G For the purpose of SUP 16.10.4 R (3), the appropriate form will be determined by the *standing data* to be corrected. Appropriate forms will include (but are not limited to) the form in SUP 15 Ann 2R (standing data form) and the form in SUP 15 Ann 3R (notification form).

...

16.11 Product Sales Data Reporting

Application

16.11.1 R This ~~chapter~~ section applies to a firm which is a *mortgage lender*; or ...

...

Purpose

16.11.2 G (1) The purpose of this ~~chapter~~ section is to set out the requirements for *firms* in the retail mortgage, investment, and *pure protection contract* markets specified in SUP 16.11.1 R to report individual product sales data to the FSA. ...

...

16.11.8 R The data report must refer both to transactions undertaken by the *firm* and to transactions undertaken by an intermediary which has dealt directly with the customer ~~*firm*~~ on the *firm's* behalf.

16.11.8 G Where the *operator* of a *collective investment scheme* receives business from a *firm* which operates a nominee account, the data report in respect of those transactions submitted by the *operator* should treat those transactions as transactions undertaken by the *operator* with the *firm*.
A

...

SUP 16 Ann 18A R Retail Mediation Activities Return ('RMAR')

Insert as the first question before SECTION A of the RMAR the following question:

What is the *firm's regulated business revenue* in the most recent *financial year*?

Amend the following pages of the RMAR making the underlined insertions and the struck through deletions. All amendments have been highlighted in grey to facilitate easy identification of the changes to the RMAR. Changes to cell reference numbers should be ignored (they will not be visible on the online form).

SECTION A: Balance sheet

Fixed assets

Intangible assets	RR0076
Tangible assets	RR0077
Investments	RR0078
TOTAL FIXED ASSETS	RR0079

Current assets

Stocks	RR0081
Debtors	RR0082
Investments held as current assets	RR0083
Cash at bank and in hand	RR0084
<u>Other assets</u>	RR0086a
TOTAL CURRENT ASSETS	RR0086

Liabilities: amounts falling due within one year

Bank loans and overdrafts	RR0088
Other liabilities falling due within one year	RR0089

TOTAL AMOUNTS FALLING DUE WITHIN ONE YEAR **RR0090**

Net current assets

RR0091

Total assets less current liabilities

RR0092

Other liabilities falling due after more than one year

RR0093

Provisions for liabilities and charges

RR0094

Net assets

RR0095

Memo: guarantees provided by firm

RR0096

Memo: personal net assets

RR0097

Memo: Goodwill

RR0098

Capital and reserves

Capital account (incorporated businesses excluding Limited Liability Partnerships)

Ordinary share capital	RR0100
Preference share capital	RR0101
Share premium account	RR0102
Profit and Loss account	RR0103
Other reserves	RR0104
TOTAL CAPITAL AND RESERVES	RR0105

Was the firm's last annual accounts audit report qualified? Yes / No
RR0117

Capital account (unincorporated businesses and Limited Liability Partnerships)

Sole trader/Partners' capital account/Members' capital	RR0119
Sole trader/Partners' current account/Other Reserves	RR0120
TOTAL CAPITAL AND RESERVES	RR0121

SECTION B: Profit and Loss account

B1: Regulated Business Revenue

	Commissions		Fees	Other income (reg activities)	Regulated business revenue
	Gross	Net			
Regulated mortgage contracts	RR0125	RR0126	RR0127	RR0128	RR0129
Non-investment insurance	RR0131	RR0132	RR0133	RR0134	RR0135
Retail investments	RR0137	RR0138	RR0139	RR0140	RR0141
TOTAL	RR0143	RR0144	RR0145	RR0146	RR0147

B2: Other P&L

<u>Income from other regulated activities</u>	RR0148c	
Other Revenue (income from non-regulated activities)	RR0149	
TOTAL REVENUE	RR0150	PL20 + PL24
TOTAL EXPENDITURE	RR0156	
Profit/(Loss) on ordinary activities before taxation	RR0157	PL22 less PL23
Profit/(Loss) on extraordinary activities before taxation	RR0157a	
Taxation	RR0158	
Profit/(Loss) for the period before dividends and appropriations	RR0159	(PL24 + PL25) – PL26
Dividends and other appropriations	RR0160	
Retained Profit	RR0161	PL27 less PL28

SECTION C: Client money and assets

Have any notifiable issues been raised in relation to client money or other assets, either in the firm's last client assets audit report or elsewhere, that have not previously been notified to the FSA?

Yes / No

RR0174

How is your client account(s) set up (tick all that apply)?

	Risk Transfer	Segregated Trusts	
		Statutory	Non-statutory
Non-investment insurance	RR0176	RR0177	RR0178
Retail investments		RR0178a	

~~If not risk transfer:~~

	Non-investment insurance		Retail investments
	Statutory	Non-statutory	Statutory
Client money credit total as at reporting date	RR0181	RR0182	RR0182a
Client money debit total as at reporting date	RR0184	RR0185	RR0185a
Net client money balance as at reporting date	RR0187	RR0188	RR0188a

If non-statutory, has auditor's confirmation of systems and controls been obtained?

Yes / No

RR0189

Is any client money invested (other than on deposit)?

Yes / No

RR0190

Do you hold client money for business undertaken by an AR?

Yes / No

RR0191

Does the firm hold any client assets (other than client money)?

Mortgage	Non-investment	
	insurance	Retail investments
RR0193	RR0194	RR0195

SECTION D1: Regulatory Capital

Is the firm exempt from these capital requirements in relation to any of its retail mediation activities?

	Non- investment insurance	Retail investments
Mortgage		
RR0198	RR0199	RR0200

Mortgage and non-investment insurance

Base requirement
5% of annual income (firms holding client money)
2.5% of annual income (firms not holding client money)

Client money	Non-client money
RR0202	RR0203
RR0205	
	RR0206

Capital requirement (higher of above)

RR0207	RR0208
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Other FSA capital requirements (if applicable)
Additional capital requirements for PII (if applicable)

RR0210
RR0211

TOTAL CAPITAL REQUIREMENT

RR0212	(RC8 or RC9) + RC10 + RC11
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TOTAL CAPITAL RESOURCES

RR0213	See notes
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TOTAL CAPITAL EXCESS/DEFICIT

RR0214	RC13 less RC12
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Eligible capital (mortgage and non-investment insurance)

Incorporated firms

Share capital
Audited reserves
Interim net profits (audited)
Interim net profits (not audited)
Revaluation reserves
Eligible subordinated loans
less Investments in own shares
less Intangible assets
less interim net losses
TOTAL CAPITAL RESOURCES

RR0228	RC27 + RC28 + RC29 + RC31 + RC32 less RC33 less RC34 less RC35
RR0229	
RR3231	
RR3232	
RR0233	
RR0234	
RR0235	
RR0236	
RR0237	
RR0238	

IPRU(INV) requirements for personal investment firms (retail investment activities only)

Category of personal investment firm under IPRU(INV)

RR0215a

Own funds requirement

RR0216	A
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Own funds

RR0217	B
--------	---

Surplus/deficit of own funds

RR0218	C
--------	---

Additional own funds requirement for PII (if applicable)

RR0219

Other FSA capital requirements (if applicable)

RR0219a

Adjusted net current assets requirement (if applicable)

RR0220	D
--------	---

Adjusted net current assets (if applicable)

RR0221	E
--------	---

Surplus/deficit (if applicable)

RR0222	F
--------	---

Expenditure based requirement (if applicable)

RR0223	G
--------	---

Adjusted Capital/liquid capital (if applicable)

RR0224	H
--------	---

Surplus/deficit (if applicable)

RR0225	I
--------	---

Unincorporated firms

Capital of a sole trader or partnership
Eligible subordinated loans
Personal assets not needed to meet non-business liabilities
less Intangible assets
less interim net losses
less excess of drawings over profits for a sole trader or p'ship
TOTAL CAPITAL RESOURCES

RR0240	RC37 + RC38 + RC39 less RC40 less RC41 less RC42
RR0245	
RR0246	
RR0247	
RR0248	
RR0249	
RR0249	
RR0250	

SECTION E: PII Self-Certification

Is the firm exempt from the PII requirements in respect of any regulated activities? (tick as appropriate)

Mortgage advising/arranging	Non-inv insurance advising/arranging/dealing/assisting	Retail investment advising/arranging
RR0358	RR0359	RR0360

If not exempt, has the firm renewed its PII cover since the last reporting date?

RR0362	RR0363	RR0364
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Have any of the data items below changed since the last reporting date (or since you last notified the FSA of any changes)?

RR0366	RR0367	RR0368
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If any of the data items have changed, Please complete amend the following fields section as appropriate, in relation to each applicable PII policy:

What activities are covered by the policy?

Mortgage advising/arranging	RR0371
Non-inv insurance advising/arranging/dealing/assisting	RR0372
Retail investment advising/arranging	RR0373
Is the cover compliant?	RR0374
Annual premium	RR0375
Limit of Indemnity - single claim/aggregate	RR0376
Policy excess	RR0377
Increased excess(es) for specific business types	RR0378
Policy exclusion(s) for specific business types	RR0379
Renewal date	RR0380
Insurer name	RR0381

Amount of additional capital required for increased excess(es) (where applicable, total amount for all PII policies)

RR0383

Personal investment firms only:

Total amount of additional own funds required for policy exclusion(s)

RR0384

Total of additional own funds required

RR0386

Total of readily realisable own funds

RR0387

Excess/deficit of readily realisable own funds

RR0388

Y/N

Does the firm have any other PII policies?

RR0389

SECTION F: Threshold conditions

Adequate resources

Does the firm have adequate resources in relation to its regulated activities?

RR0392

Close links

Are you exempt from close links reporting requirements?

RR0394

If not, have there been changes to your close links since the FSA was last informed?

RR0395

If yes, on what date did the changes take effect?
(if no notification has been made, please notify us separately of the changes)

RR0396

Approved persons

Have there been changes to your approved persons' details since the FSA was last informed?

RR0398

If yes, on what date did the changes take effect?
(if no notification has been made, please notify us separately of the changes)

RR0399

Controllers

Are you exempt from the controllers reporting requirements?

RR0401

If not, have there been changes to your controllers or to the percentage of shares or voting power in the firm held by any of them since the FSA was last informed?

RR0402

If yes, on what date did the changes take effect?
(if no notification has been made, please notify us separately of the changes)

RR0403

SECTION G: Training and Competence

	Mortgages		Advising on non- investment insurance (retail customers)	Retail investments		Total
	advising	arranging		advising	arranging	
Total number of all staff						RR0405
Of which:						
Number of staff that give advice	RR0407		RR0408		RR0409	RR0410
<u>Number of staff that give advice (Full time equivalent)</u>						RR410a
Number of staff that supervise others to give advice	RR0412		RR0413		RR0414	RR0415
Number of advisers that have been assessed as competent	RR0417		RR0418		RR0419	RR0420
Number of advisers that have passed approved appropriate examinations	RR0422				RR0423	RR0424
Number of advisers that have left since the last reporting date	RR0426		RR0427		RR0428	RR0429
Number of staff that take private customers through stakeholder pension scheme decision trees					RR0431	RR0432
Number of staff that supervise non-advised sales of lifetime mortgages	RR0434					RR0435
Number of staff that design filtering questions for non-advised sales of lifetime mortgages	RR0437					RR0438

SECTION H: COB Data

Sources of business: please tick all that apply, or confirm here that there have been no changes since the last reporting date. no changes
RR0441

	Mortgage	Non-inv insurance (except reinsurance)	Retail investments
Marketing lists	RR0444	RR0443	RR0445
Referrals from non-authorized introducers	RR0448	RR0447	RR0449
Referrals from intermediaries	RR0452	RR0451	RR0453
Telephone sales	RR0456	RR0455	RR0457
Cold calling	RR0460	RR0459	RR0461
Sales visits	RR0464	RR0463	RR0465
Postal sales	RR0468	RR0467	RR0469
Direct offer financial promotions	RR0472	RR0471	RR0473
Repeat customers	RR0476	RR0475	RR0477
Internet Sales	RR0480	RR0479	RR0481
Other	RR0484	RR0483	RR0485

Advertising
Does your firm approve financial promotions and/or qualifying credit promotions? RR0489 RR0488 RR0490

Types of advertising: please tick all that apply, or confirm here that there have been no changes since the last reporting date. no changes
RR0492

	Mortgage	Non-inv insurance (except reinsurance)	Retail investments
Newspaper	RR0495	RR0494	RR0496
Magazine	RR0499	RR0498	RR0500
T.V.	RR0503	RR0502	RR0504
Radio	RR0507	RR0506	RR0508
Internet	RR0511	RR0510	RR0512
Other	RR0515	RR0514	RR0516

Do you use one or more lists or panels of preferred product providers? y/n
RR0517a

	Mortgage	Non-inv insurance (except reinsurance)	Retail investments
If yes, indicate the applicable types of business	RR0517b	RR0517c	RR0517d

What (if known) is the total number of providers on the panel(s)? RR0521a
How often (if known) are the panel(s) reviewed? RR0522a

General COB data

Do regulated activities form the core business of the firm? RR0526
If not, specify type of core business: RR0527

Do you give independent advice? Mortgage Non-inv insurance Retail inves
RR0528 RR0528a RR0528b

Clawed back commission (retail investment firms only)

Clawed back commission by: Number RR0531
Value RR0532

Complaints

Does the firm have complaints handling procedures? y/n
RR0534a

Monitoring of Appointed Representatives ('ARs')

Number of ARs registered with the firm RR0542
Of which, number of 'secondary' ARs RR0543
Of which, number of introducer ARs RR0544
Number of advisers within ARs RR0545

(Only firms that have ARs)
Does the firm have appropriate systems and procedures to ensure that the activities of its ARs are effectively monitored and controlled? RR0546

Number of ARs that have been subject to monitoring visits by the firm during the reporting period. RR0547

Number of ARs that have been subject to file reviews by the firm during the reporting period. RR0548

Number of ARs that have been subject to financial checks by the firm during the reporting period. RR0549

Has any other monitoring of ARs by the firm taken place? RR0550

SECTION I: supplementary product sales data

(i) non-investment insurance contracts - product information

1 Please indicate in column **A** each product type where the firm has advised or arranged transactions for retail customers during the reporting period

Please indicate in column **B** where the firm's retail-business for retail customers in the product type formed more than

40% by premium of all of its retail non-investment insurance activities.

(ii) non-investment insurance chains

3 Total non-investment insurance premium derived from retail customers

RR0556

4 Of this business, please indicate in column **C** the products where retail sales were passed up a chain and in column **D** where this business is significant*

*significant is where premium collected from being in a chain for this product amounts to

- 1) more than 40% of the premium collected for all non-investment insurance activities with retail customers, or
- 2) more than 40% of premium collected for all retail business in this product

6 Please also indicate in column **E** where the firm has dealt directly with the retail customer within the chain

(iii) dealing as agent

If you **deal as agent** for non-investment insurance contracts:

Please provide:

7 Number of sales to retail customers during the reporting period where the firm dealt as agent

RR0564

8 Premium paid by retail customers during the reporting period where the firm dealt as agent

RR0565

9 Of the total of these sales, please indicate in column **F** the products where the firm dealt as agent and in column **G** where this business is significant*.

*significant is where premium collected from dealing as agent in this product amounts to

- 1) more than 40% of the premium collected for all non-investment insurance activities with retail customers, or
- 2) more than 40% of premium collected for all retail business in this product

(iv) claims handling

If you **assist** in the administration and performance of contracts of insurance:

Please provide:

11 Number of claims handled on behalf of customers during the reporting period

RR0572

(v) Lloyd's brokers - product sales data

	Retail	Commercial	Reinsurance	Total
12 % of regulated business revenue	RR0672	RR0673	RR0674	100%

Round to nearest 20% and ensure figures add to 100%

Product types:	A y/n	B y/n	C y/n	D y/n	E y/n	F y/n	G y/n
Private motor	RR0575	RR0576	RR0577	RR0578	RR0579	RR0580	RR0581
Household	RR0583	RR0584	RR0585	RR0586	RR0587	RR0588	RR0589
Creditor - Payment protection	RR0591	RR0592	RR0593	RR0594	RR0595	RR0596	RR0597
Travel	RR0599	RR0600	RR0601	RR0602	RR0603	RR0604	RR0605
Personal accident - sickness	RR0607	RR0608	RR0609	RR0610	RR0611	RR0612	RR0613
Legal expenses	RR0615	RR0616	RR0617	RR0618	RR0619	RR0620	RR0621
Private Medical Insurance (PMI)	RR0623	RR0624	RR0625	RR0626	RR0627	RR0628	RR0629
Critical illness	RR0631	RR0632	RR0633	RR0634	RR0635	RR0636	RR0637
Private Health Insurance (PHI)	RR0639	RR0640	RR0641	RR0642	RR0643	RR0644	RR0645
Life assurance (or term assurance)	RR0647	RR0648	RR0649	RR0650	RR0651	RR0652	RR0653
HealthCare cash plan	RR0655	RR0656	RR0657	RR0658	RR0659	RR0660	RR0661
Extended warranty (motor only)	RR0663	RR0664	RR0665	RR0666	RR0667	RR0668	RR0669

SUP 16 Ann 18B G Notes for completion of the Retail Mediation Activities Return ('RMAR')

...

Introduction: general notes on the RMAR

...

Application of RMAR sections

6 ...

(c) *firms* (defined as *retail investment firms*) that have *private customers*, and have *permission* to carry on the following activities in relation to *retail investments*:

- *Advising on investments*;
 - *Arranging (bringing about) deals in investments*;
 - *Making arrangements with a view to transactions in investments*;
- and

(d) *personal investment firms*.

...

7 ~~Many of the *firms* conducting the above *regulated activities* also have the *permission* to carry on other *regulated activities*, including for example *mortgage lending and administration*, *managing investments* or *dealing in investments as agent*. These *firms* are required to complete the RMAR in addition to other data requirements.~~

Firms conducting *mortgage lending* or *mortgage administration* (including those that carry on an activity that is treated as arranging in COB - see MCOB 1.2.12) that also conduct the above activities are required to complete the RMAR in addition to other data requirements.

8 ~~However, not all *firms* are required to complete all sections of the RMAR. Certain data requirements will be duplicated because of the separate reporting requirements imposed in relation to other *regulated activities*. Broadly, a *firm* that has the *permission* to carry on other *regulated activities* will not be subject to our proposed data requirements for financial reporting (RMAR sections A, B, C, D & E) or *threshold conditions* (section F), as we would expect to be collecting similar information as part of the data requirements for these other activities. For details, see SUP 16.7.~~

However, these *firms* are not required to complete all sections of the RMAR. Certain data requirements will be de-duplicated because of the separate reporting requirements imposed in relation to other regulated activities in the form of the MLAR. Broadly, a *firm* that has the *permission* to carry on *mortgage lending* or *mortgage administration activities* will not be subject to our proposed data requirements for financial reporting in the RMAR (RMAR

sections A, B, C, D & E). For details, see *SUP 16.7*.

EEA Firms

- 9 In accordance with the relevant directives, ... The same applies to *incoming EEA firms* providing *cross border services* only, pursuant to the *ISD*.

...

NOTES FOR COMPLETION OF THE RMAR

...

Section C: Client money and assets

...

Note 3: firms should complete all applicable fields.

Section C: guide for completion of individual fields

...	
Client money credit total as at reporting date	This should be the total of credits on the <i>firm's client money</i> account(s) as at the current date of return. <u>These should be taken from the <i>firm's</i> ledgers.</u>
Client money debit total as at reporting date	This should be the total of any debits on the <i>firm's client money</i> account(s) as at the current date of return. <u>These should be taken from the <i>firm's</i> ledgers.</u>
Net client money balance as at reporting date	This should be the aggregate balance on the <i>firm's client money</i> account(s). (The reporting of this figure should not be taken to mean that firms are permitted to offset an overdrawn client bank account against one that is in credit.)
...	

...

Section D: Regulatory Capital

'Higher of' requirements

...

- (iii) other *personal investment firms*, and *firms* that are subject to *PRU*, but are also subject to *IPRU(INV)* or *CRED* (see below). These additional capital

requirements are not calculated as part of the RMAR.

...

Section D1: guide for completion of individual fields

...	
Eligible capital (mortgage and non-investment insurance)	
Incorporated firms	
Share capital	As reported in section A <u>Share capital in section A which is eligible for inclusion as regulatory capital</u>
Audited reserves	These are the audited accumulated profits retained by the <i>firm</i> ... Reserves also include gifts of capital, for example, from a <i>parent undertaking</i> . If Any <u>reserves that have not been audited this field should not be zero included.</u>
Interim net profits (audited)	Interim net profits should be audited by the <i>firm's</i> external auditor, net of tax or anticipated dividends and other appropriations <u>to be included as capital</u> . Normally this will mean that they form a proportion of the firm's P&L account in field BS24, but if no audit has been undertaken during the reporting period it should be a nil return.
...	
Less interim net losses	Interim net losses should be calculated in relation to the period following the date at which the capital resources are being calculated <u>reported where they have not already been incorporated into audited reserves.</u> The figures do not have to be audited to be included.
Unincorporated firms	
...	
Less interim net losses	Interim net losses should be calculated in relation to the period following the date as at which the capital resources are being calculated <u>reported where they have not already been incorporated.</u> The figures do not have to be audited to be included.
...	..

...

Section E: guide for completion of individual fields

...	
Excess/deficit of readily realisable own funds	This field will automatically calculate the excess or deficit, i.e. In this field, enter the result of the 'total of additional own funds required' less the 'total of readily realisable own funds'

...

Section H: guide for completion of individual fields

...	
How often (if known) are the panel(s) reviewed?	<p>If the <i>firm</i> compiles its own panel(s), you should state the frequency with which the panel or list is reviewed and amended as appropriate, e.g. quarterly. <u>The frequency should be given in months eg if panels are reviewed quarterly, fill in "3".</u></p> <p>If separate panels are reviewed with differing frequencies, you should state the least frequent.</p> <p>It is acceptable to leave this field blank if, for example, the <i>firm</i> uses a panel or panels compiled by a product provider or packager firm.</p>

...

Section I: supplementary product sales data

...

Sub-heading: (i) non-investment insurance product information

In this section *firms* are asked for aggregate data on their ~~non-investment insurance~~ advising and arranging activities (~~with~~ 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 the *firm's* retail non-investment insurance activities).

...

Section I: guide for completion of individual fields

(i) non-investment insurance product information	
...	
Please indicate in column	You should state 'yes' in column B for each relevant

B where the firm's retail business in the product type formed more than 40% by premium of all of its non-investment insurance activities.	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 state 'yes'.
(ii) non-investment insurance chains	
Total non-investment insurance premium derived from retail customers	You should state here the total of premiums <u>paid payable</u> by <i>retail customers</i> during the reporting period in relation to non-investment insurance products.
...	
(iii) dealing as agent	
...	
Premium paid by retail customers during the reporting period where the firm dealt as agent	You should state here the total value of premiums from policyholders <u>payable</u> by <i>retail customers</i> during the reporting period whether annual or one-off —where the <i>firm</i> has dealt as agent of a product provider (i.e. with delegated authority). For regular premium business, annualised figures should be used.
...	

...

SUP 16 Ann 19A R Mortgage Lending and Administration Return ('MLAR')

Amend the following pages of the MLAR making the underlined insertions and the struck through deletions. All amendments have been highlighted in grey to facilitate easy identification of the changes to the MLAR.

D(1) LENDING : Business flows & rates

(£000's)

D(1)

	<i>Balance at end of previous quarter</i>	<i>Advances made in quarter</i>	<i>Repayment of principal</i>	<i>Write offs in quarter</i>	<i>Other debits/ (credits) and transfers (net)</i>	<i>Balance at end of quarter (a)</i>	<i>Of which: Loans excluding overdrafts</i>	<i>Overdrafts</i>	<i>Overdrafts Aggregate of credit limits</i>
D1 Loans: Advances/Repayments									
Residential lending to individuals :									
D1.1 Regulated									
D1.2 Non regulated									
D1.3 Other secured loans									
D1.4 TOTAL Secured loans									

a) Column 6 = Col 1 + Col 2 - Col 3 - Col 4 + Col 5

Transactions in quarter included in D1 [column 5]

Balance at end quarter on loan

	<i>Loans acquired</i>	<i>Loans sold</i>	<i>Loans securitised</i>	<i>Other</i>	<i>Total (b)</i>	<i>assets subject to non-recourse funding</i>
D2 Loans: Book movements						
Residential lending to individuals :						
D2.1 Regulated						
D2.2 Non regulated						
D2.3 Other secured loans						
D2.4 TOTAL Secured loans						

(b) D1 column [5] = D2[Col 1 - Col 2 - Col 3 + Col 4]

Balances at end of quarter

Interest rates at end of quarter (to 2 decimal places)

	<i>TOTAL £000s</i>	<i>Of which at :</i>		<i>Of which at :</i>			<i>Weighted average nominal annual rate on</i>			
		<i>Fixed rates</i>	<i>Variable rates</i>	<i>less than 2% above BBR</i>	<i>2 < 3% above BBR</i>	<i>3 < 4% above BBR</i>	<i>4% or more above BBR</i>	<i>all balances</i>	<i>balances at fixed rates</i>	<i>balances at variable rates</i>
		<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>£000s</i>	<i>%</i>	<i>%</i>	<i>%</i>
D3 Loans: Interest rates										
Residential loans to individuals: Regulated										
D3.1 Total book										
D3.2 Advances in quarter										
Residential loans to individuals: Non Regulated										
D3.3 Total book										
D3.4 Advances in quarter										
Other secured loans:										
D3.5 Total book										
D3.6 Advances in quarter										
All secured loans:										
D3.7 Total book										
D3.8 Advances in quarter										

	<i>Commitments outstanding at end of previous quarter</i>	<i>Commitments made since end of previous quarter</i>	<i>Cancellations in quarter</i>	<i>Advances made in quarter (a)</i>	<i>Other debits/(credits) and transfers (net)</i>	<i>Commitments outstanding at end of quarter</i>
D4 Loans: Commitments						
Residential lending to individuals						
D4.1 Regulated						
a) House purchase	_____	_____	_____	_____	_____	_____
b) Remortgage	_____	_____	_____	_____	_____	_____
c) Other	_____	_____	_____	_____	_____	_____
d) TOTAL	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
D4.2 Non regulated						
a) House purchase	_____	_____	_____	_____	_____	_____
b) Remortgage	_____	_____	_____	_____	_____	_____
c) Other	_____	_____	_____	_____	_____	_____
d) TOTAL	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
D4.3 Other secured loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
D4.4 TOTAL Secured loans	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

a) Entries should agree with relevant items in Column 2 of D1.

	Regulated loans				Non regulated loans				All loans			
	Gross advances in quarter		Balances outstanding		Gross advances in quarter		Balances outstanding		Gross advances in quarter		Balances outstanding	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
E3 By credit history												
E3.1 Impaired credit history												
E3.2 Other												
E3.3 TOTAL												
E4 By payment type												
E4.1 Repayment (capital & interest)												
E4.2 Interest only												
E4.3 Combined												
E4.4 Other												
E4.5 TOTAL												
E5 By drawing facility												
E5.1 Loans with extra drawing facility :												
a) Loans including unused facility												
b) Unused facility												
c) Net loans (a - b)												
E5.2 Loans with no extra drawing facility												
E5.3 TOTAL												
E6 By purpose												
E6.1 House Purchase:												
Owner occupation												
a) FTB's												
b) Other												
E6.2 Buy to let												E6.2
E6.3 Further Advance												
Remortgage:												
E6.4 Own borrowers												
E6.5 From other lenders												
E6.6 Lifetime Mortgage												E6.6
E6.7 Other												
E6.8 TOTAL												

G0 Do you need to complete tables G and H ?

If you have a mortgage lenders permission, and only administer your own on-balance sheet loan book, and do not have any off-balance sheet loans to administer, **then** please tick this box (and do not complete the rest of this section).

Otherwise, please complete sections G1 and G2, and table H in your capacity as a loan administrator.

G1 Mortgage contracts administered at end of quarter:

As PRINCIPAL administrator

As OTHER administrator

Residential loans to individuals

Residential loans to individuals

Regulated loans Non regulated loans All loans

Regulated loans Non regulated loans All loans

G1.1 Number of loans administered for :

a) Firms with a mortgage lender's permission	_____	_____	_____
b) Other firms	_____	_____	_____
c) SPVs	_____	_____	_____
d) Total	<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

G1.2 Balance outstanding on loans administered for :

a) Firms with a mortgage lender's permission	_____	_____	_____
b) Other firms	_____	_____	_____
c) SPVs	_____	_____	_____
d) Total	<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Residential loans to individuals administered for third parties

G2	Lenders for whom mortgage administration was being carried out at end of quarter	<u>Details of lender</u>		<u>Balances outstanding at end of quarter</u>			<u>Administrator Status</u>
		<i>FSA firm reference (if available)</i>	<i>Name of firm</i>	<i>Regulated loans £000's</i>	<i>Non regulated loans £000's</i>	<i>All loans £000's</i>	<i>Indicate whether acting as "Principal" or "Other"</i>
G2.1	Firms with a mortgage lenders permission : [top 5 only]	1	-----	-----	-----	-----	-----
		2	-----	-----	-----	-----	-----
		3	-----	-----	-----	-----	-----
		4	-----	-----	-----	-----	-----
		5	-----	-----	-----	-----	-----
G2.2	Other firms : [top 5 only]	1	-----	-----	-----	-----	-----
		2	-----	-----	-----	-----	-----
		3	-----	-----	-----	-----	-----
		4	-----	-----	-----	-----	-----
		5	-----	-----	-----	-----	-----
G2.3	SPVs: [top 5 only]	1	-----	-----	-----	-----	-----
		2	-----	-----	-----	-----	-----
		3	-----	-----	-----	-----	-----
		4	-----	-----	-----	-----	-----
		5	-----	-----	-----	-----	-----

...

SUP 16 Ann 19B G

NOTES FOR COMPLETION OF THE MORTGAGE LENDING AND ADMINISTRATION RETURN ('MLAR')

Contents

...

[Version ~~10 March~~ October 2004]

...

INTRODUCTION: GENERAL NOTES ON RETURN

...

2. Overview of reporting requirements

...

Commencement and transitional provisions

The *MLAR* sections on **Arrears** (tables F and H) are not required to be submitted as part of a *firm's* first *MLAR* submission ~~(if that first submission is in respect of the *firm's* first financial quarter starting on or after 1 April 2005; but this concession does not apply however to firms that are subject to delayed implementation of *MLAR* in 2006)~~. They should however be included in all subsequent quarterly submissions. A *firm* may of course submit these sections from the outset, but is not obliged to do so.

...

4. Regulated mortgage contracts and the wider mortgage market

...

(ii) Residential loans to individuals

...

It is lending to individuals secured by mortgage on land and buildings where the lender has either a first or second (or subsequent) charge, where at least 40% of the land and buildings is used for residential purposes, and where the premises are for occupation by either the borrower (or dependant), or any other third party (e.g. it includes 'buy to let' lending to individuals).

Only loans where there is a one-to-one correspondence between the loan and a specific security should be included within 'residential loans to individuals'. Do not include here any residential loans to individuals that are part of a 'business loans' type package (involving multiple loans and multiple securities, where there is no one-to-one correspondence between a loan and a specific security), but report them under 'other

secured lending'.

Regulated mortgage contracts are therefore a subset of this market category.

Examples of **non-regulated mortgage contracts** which fall under the wider category of residential loans to individuals include: buy-to-let loans and other types of loan where the property is not for use by the borrower (or qualifying dependants); and residential loans to individuals where the lender does not have a first charge. In the case where a lender takes a first and a second charge over the same residential property (for different purposes) we consider that generally the loan secured by the first charge will be a regulated mortgage contract, but that the loan secured by the second charge will invariably not and should be reported as non-regulated.

It is important, therefore, to separate this category from all other forms of secured lending.

(iii) Other secured lending

This covers all other forms of lending secured on land and buildings in the United Kingdom. Primarily it covers secured lending to corporate bodies (including to housing associations), but it also includes lending to individuals which, although being secured on land and buildings, is not deemed to be residential (e.g. the residential element is less than 40%). A corporate body for this purpose is any entity other than an individual.

It also includes any residential lending to an individual that forms part of a 'business loan' type package. These arrangements between a lender and a borrower are usually offered by a lender's specialist business or corporate lending departments. They typically involve a number of loans secured against a range of securities including the borrower's residential property, business premises and the business itself. Such packages involve no specific one-to-one correspondence between a single loan and a single security, and instead the lender assesses loan cover against the basket of securities in the package. Given the business nature of this type of lending, it would therefore be misleading to try and classify some or all of the loan elements in such cases to any part of 'residential lending to individuals', and hence all such lending should be reported under 'other secured lending'. This is for MLAR reporting purposes only; the actual categorisation or treatment for MCOB purposes remains unchanged.

...

8. Loans made before 31 October 2004

(i) Classifying the 'back book'

Loans made before 31 Oct 2004 fall into the following categories:

- residential loans to individuals (see Introduction, section 4(ii)) which should be classified as non-regulated (eg as at A3.3, and D1.2 etc)
- other secured loans (see Introduction, section 4(iii)) and shown for example at A3.4, D1.3 etc
- other loans (see Guidance for A3.5)

The approach to classification for pre-31 Oct 2004 loans will, of necessity, need to be a pragmatic one. We do not for example envisage the need to look at individual

paper loan files. Rather, we expect that a firm will apply its knowledge of its various loan books, products & their characteristics, to come up with some realistic allocation rules. This will then enable the firm to apply some automatic process to its computerised loan records, and thereby classify individual loans into each of the relevant categories used in the MLAR. Such a process may not be perfect, and it may result in a few loans being wrongly allocated, but it will be sufficient for the purpose. In many cases, there will be further transactions in relation to this type of loan in the period immediately following 31 October 2004, and this event will provide an opportunity for the loan classification to be re-assessed, and if necessary, revised.

(ii) Specific treatment of residential loans to individuals

Any loans made before 31 October 2004, ...

... causes it to be formally treated as a regulated contract.

(iii) Further advances on loans made before 31 October 2004

We cannot be prescriptive about whether, after the onset of mortgage regulation, a further advance (or any other variation) to a pre-31 October 2004 mortgage will have the effect of creating a new *regulated mortgage contract*. Our perimeter guidance (at AUTH App 4.4.13G) considers the effect of variations to contracts entered into before the onset of mortgage regulation. Whether a variation amounts to creating a new contract will depend on each lender's individual mortgage documentation. This documentation will differ, possibly significantly, between firms. Each lender will need to review its existing documentation and take a view on the scope that this provides for making changes.

In practice this means that:

- if the lender can make a further advance without creating a new contract, then the further advance should be added to the original loan and the combined loan treated as a single loan for MLAR reporting. This combined loan should be reported as 'non-regulated';
- if making a further advance creates a new contract, (and this further advance is a *regulated mortgage contract*) then the correct reporting approach will be determined as follows:
 - (a) where the original loan was made before 31 October 2004, but would otherwise satisfy the specific requirements of a *regulated mortgage contract*, the original loan and further advance may be treated as one for MLAR reporting, being shown as "Regulated" under "Residential loans to individuals";
 - (b) where the original loan did not satisfy the defined conditions of a *regulated mortgage contract* at the time it was entered into, the old loan and further advance will be treated as two separate loans for most aspects of MLAR reporting, the former being 'unregulated' while the latter will be reported as 'regulated'. However, for the LTV & Income Multiple analysis, while the firm should only show the amount of the further advance in the relevant "cell", the "cell" should be determined

by using the total amount of the loan (old loan + further advance) when deciding which LTV band and which Income Multiple band are applicable;

- (c) where the lender decides to combine the original loan and the further advance to create a single new contract that is a *regulated mortgage contract*, this should be reported as 'regulated'.

...

SECTION D1: LENDING – BUSINESS FLOWS AND RATES

...

D1 Loans: Advances/Repayments – Transactions (columns)

Advances made in quarter should include:

...

but should exclude:

...

- (h) sundry debits, i.e. any items not approved and not included in commitments, e.g. insurance debits, fines, insurance guarantees, valuation fees, arrangement fees etc. (unless formally treated as part of loan, that is where such amounts are repaid over the period of the loan);
- (i) any movements on overdrafts.

Repayment of principal should include:

...

but should exclude:

...

- (g) investment receipts temporarily posted to mortgage accounts;
- (h) any movement in overdrafts.

...

Other debits/(credits) and transfers (net) include:

- (i) ... or change in status of loan from/to regulated/non-regulated etc);
- (j) all movements on overdrafts (that is, net change in overdraft balances), other than write-offs.

NB Balances on loan books acquired/sold/securitised should be as at the date of the relevant event.

Overdraft analysis (final 3 columns of D1):

The term “overdraft” here and in other columns of D1, is used to cover two types of revolving credit facilities: overdrafts and credit cards.

The balance at end of quarter in column 6 is further analysed into loan balances excluding overdrafts and, separately, balances on overdrafts.

The final column in D1 represents the sum total, across all overdraft accounts included in the penultimate column, of the individual credit limits on each such overdraft.

...

D3 Loans: Interest rates

Basis

Interest rates in this table are **nominal annual rates** charged to the *customer* on loan accounts excluding overdrafts (as defined in D1). They should ignore ...

This provides an analysis of weighted average interest rates for the loan assets reported ~~in the final~~ under 'Loans excluding overdrafts' in column 7 of D1 above. 'Interest rates at end of quarter' (columns 4, 5, and 6 of section D3) ...

...

D4 Loans: eCommitments (columns)

Commitments made since end of previous quarter should include:

- (a) the aggregate of formally agreed advances (whether or not the mortgage offer has been accepted by the prospective borrower), including amounts recommended for retention, all instalment elements, and further advances;

but should exclude:

...

- (f) sundry debits, e.g. insurance debits, fines, insurance guarantees, valuation fees, arrangement fees etc (unless formally treated as part of the loan, that is where such amounts are repaid over the period of the loan). premiums (unless additional to the loan), insurance of contents etc.

...

Advances made in quarter

This refers to the same amount as covered under ‘advances in quarter’ in section D1 above.

Other debits/(credits) and transfers (net)

This is unlikely to be needed on a routine basis. It is intended to cover less frequent events such as loan commitments acquired on merger with another firm or acquisition

of a loan book; or transferred on sale of a package of loans; or where 'commitments outstanding' need adjusting for reasons not attributable to other columns.

SECTION E: RESIDENTIAL LOANS TO INDIVIDUALS - Income Multiples & LTV

...

E3-6 Balances outstanding

Covers balances at end of the quarter. Relevant sub-totals should agree with corresponding balances shown in the final columns under 'Loans excluding overdrafts' in column 7 of D1.

...

E3 Credit History

This seeks to categorise lending in terms of a borrower's previous credit history, as measured at the point when the new advance is made. For these purposes, it is only necessary to establish a borrower's credit history at a single point in time, i.e. at the time of making the loan. In practice this will usually be done at the 'offer' stage of making a loan. It is not intended that credit history should be reassessed after the loan has been made. However, if a further advance is made, then it will be necessary to re-assess.

In particular ...

(i) ...

(ii) ...

However, if there is subsequently a further advance on the loan (and which will be reported under 'Gross advances' in E3), this is an occasion to re-assess the borrower's credit history. At that stage, the total amount of the loan (including further advance) should be classified under 'Balances outstanding' on the basis of the credit history as determined at the time of making the further advance. This means that the further advance and total loan amount will be reported on a consistent basis.

E3.1 Impaired credit history

...

NB In (i) to (v), *firms* should ignore whether the borrower has subsequently paid off arrears, or has satisfied/discharged a CCJ or IVA or bankruptcy.

In the case of loans involving **two or more borrowers**, the impaired credit test is whether any one of the borrowers individually meets any of the five listed impaired credit conditions.

...

E5 By drawing facility

These are loans which include ..., **but not** those arising only in relation to previous overpayments).

The drawing facility category is also meant to indicate a facility that is only exercisable by the borrower (e.g. via a cheque book, on line transaction or on demand). It would therefore not apply to situations where a loan is merely subject to retentions or stage payments, since the borrower does not have a draw-down option that he can exercise.

...

E6.1/2 House purchase

.... where the tenure of the main borrower immediately before this advance was not owner-occupier) and those to other buyers.

E6.2 Buy to let (BTL)

Such loans typically involve the borrower purchasing a residential property with the intention of letting it out on a rental basis.

The majority of BTL loans will be those used by the borrower to acquire a property with the intention of letting it on a commercial basis to unrelated third parties. That is to persons, who in relation to the borrower, are not 'related persons' (where 'related persons' are those set out in subsections (A), (B) and (C) of section 4 (iv) of the Introduction). These BTL loans are not regulated mortgage contracts and hence should be shown in columns 5 to 8 of E6.2 under 'Non regulated loans'.

However, where a BTL loan is used by the borrower to acquire a residential property that will be occupied by a related person, such a loan will normally be a regulated mortgage contract (providing it satisfies the other requirements of a regulated mortgage contract) and should therefore be shown in columns 1 to 4 of E6.2 under 'Regulated loans'. An example of such a loan is where a parent buys a house or flat for use by a student son or daughter, with a plan to take in other students on a rental basis.

Further advances and remortgages on any BTL loans should be included within E6.2.

E6.3 Further advance

...

The underlying purpose of the further advance ...; or as a 'drawdown' on a flexible mortgage.

However, further advances on existing buy to let loans, and on lifetime mortgage loans should instead be reported against E6.2 and E6.6 respectively.

E6.4/5 Re-mortgage

Loans where the borrower is not moving house but ... even if it is larger than the existing loan.

Re-mortgages from another lender are well understood, and need no further comment.

But a 're-mortgage' by one of a firm's existing borrowers (i.e. 'own borrower' in E6.4) will not always be transacted in exactly the same way by different lenders. The following comments are designed to provide some illustrative examples, and indicate how the actual transaction between lender and borrower should be reported:

- **Example 1:** borrower changes from variable rate to fixed rate, with loan amount unchanged, at say £100k. Some lenders' systems formally treat this as a redemption and a new loan advance which is reportable under "advances" in D1 (in which case report as "re-mortgage" under this analysis of advances in E6), but other lenders treat it as an interest variation and not as a new advance (so not included in advances in D1 or E).
- **Example 2:** borrower changes from variable rate to fixed rate and takes out additional loan at the same time, say extra £25k on top of existing £100k. Some lenders will treat as a redemption of £100k and a new advance of £125k (in which case the £125k is a re-mortgage), but others may treat as two loans (with first loan regarded as just subject to an interest rate variation, and the extra loan as a "further advance").
- It is recognised that practices vary among lenders when it comes to further advances or re-mortgages. What is important is that the actual transaction between the lender and the borrower is reflected in the MLAR.
- Thus if a firm genuinely treats the advance of new money as a further advance (perhaps setting up a second sub account), then that should be reported as such (e.g. at E6.3)
- However if the old loan is formally replaced with a new loan (at the same or increased size) and this is reported in "advances" in D1, then the new loan should similarly be reported in E, and in E6.4 shown as "re-mortgage".

NB However, re-mortgages on existing buy to let loans, and on *lifetime mortgage* loans, should instead be reported against E6.2 and E6.6 respectively.

E6.6 Lifetime mortgages

(i) Regulated loans: Lifetime mortgages (columns 1 to 4)

This is a specific type of *regulated mortgage contract*, ...

(c) ...

- (vi) the *mortgage lender* exercises its legal right to take possession of the mortgaged land under the terms of the contract.

(ii) Non-regulated loans: 'Lifetime mortgage' (columns 5 to 8)

Loans to be included under these columns include:

- loans having broadly similar characteristics to those set out in (i)(a), (b) and (c) above, but which were advanced before 31 October 2004. Such loans will usually have been known as 'equity release loans';
- loans made after 31 October 2004, which whilst not satisfying the full criteria needed to be classed as a *regulated mortgage contract* (e.g. since a second but not a first charge is taken), nonetheless match the characteristics set out in (i)(a), (b) and (c) above.

(iii) Further advances and re-mortgages on any of the loans described in (i) and (ii) above, should be included within E6.6

...

SECTION F: LENDING - ARREARS ANALYSIS

Introduction

The guidance notes in this section serve two purposes: they provide guidance for

- (i) items **F1 to F5** shown in MLAR table F.

For these sections, the analysis of lending refers to on-balance sheet loan assets only, but excluding overdrafts (ie as included ~~in the final column~~ under 'Loans excluding overdrafts' in column 7 of section D1 of table D)

The responsibility for completing table F lies with the authorised lender, irrespective of whether the lender administers the loans itself or out-sources the administration elsewhere. The information should therefore appear as part of the lender's MLAR.

- (ii) items **H1 to H5** shown in MLAR table H.

For these sections, which cover reporting of arrears by *firms* with a *mortgage administrator's* activity, the analysis should include arrears in respect of the types of residential loans to individuals set out in the guidance notes for table G, but only where the firm is acting as 'principal administrator'. For *guidance* on items H1 to H5 see ...

...

- 6.2 The amount to be entered on the return is a percentage to 2 decimal places. Given the limitation described in 6.1 (ii), it cannot exceed 100%.

...

SECTION G: MORTGAGE ADMINISTRATION – BUSINESS PROFILE

Introduction

...

You should also note, however, ... then you should not complete this section of the *MLAR*.

‘Principal’ and ‘Other’ Administrators

Because of the extent of specialisation and separation of activities in the provision of mortgage lending and administration services, we need to identify whether a firm that is authorised as a *mortgage administrator* is acting for MLAR purposes as a ‘principal administrator’ or as an ‘other administrator’:

- **Principal administrator:** this is where your firm is authorised to undertake a *mortgage administrator’s* activity, and is exercising that activity on behalf of either a lender or other firm that is not itself authorised to undertake a *mortgage administrator’s* activity;
- **Other administrator:** this is where your firm (although authorised to undertake a *mortgage administrator’s* activity) is undertaking loan administration for either a lender or other firm which itself is also authorised to undertake a *mortgage administrator’s* activity. In this situation, your firm is not regarded as the ‘principal administrator’, and you are merely acting on behalf of an authorised *mortgage administrator*.

- G1 Mortgage contracts administered at end quarter

Where your firm is acting as Principal administrator (columns 1-3)

Collects data on mortgage contracts administered as at the end of the quarter, ...

- G1.2 Outstanding balance on loans

...

The total (all loans) is the sum of *regulated mortgage contracts* and non-regulated loans.

Where your firm is acting as Other administrator (columns 4-6)

Record under these columns all of the mortgage contracts administered at the end of the quarter where you are not acting as a principal administrator.

...

G2 Lenders for whom mortgage administration was being carried out at quarter end

Collects data only on the top five lenders for each category by value ..., over and above the top five listed in each category.)

The analysis required in G2 covers all *mortgage administration* activity undertaken by your firm, irrespective of whether your firm is acting as a 'principal' or 'other' administrator. The final column of the analysis, however, asks you to indicate your status for each firm listed, namely whether acting as 'Principal' or as 'Other' administrator.

...

SECTION H: MORTGAGE ADMINISTRATION – Arrears Analysis

...

H1- Guidance on arrears items

H5 The *guidance* for these items is provided in section F of these guidance notes, where items H1 to H5 correspond to items F1 to F5.

The arrears analysis is of loan balances excluding overdrafts, as is used in section F.

...

SUP 16 Ann 20G

Products covered by the reporting requirements in SUP 16.11

This is the *guidance* referred to in SUP 16.11.6G.

~~SUP 16.11.3R requires certain *firms* to report product sales data. For reporting purposes, a reportable sale applies where the~~ A reportable sale is when a new contract has been made and the premium has been paid. A reportable sale does not include a policy renewal, a policy top-up, or any alteration to an existing policy.

Part 1 Products

...

Table 1 – RETAIL INVESTMENTS

Relevant products include:

<u>Unit in a <i>R</i>egulated unit trust scheme/OEIC</u>
--

...

Reporting fields

...

(c) Mortgages

...

Data reporting field	Illustrative code (where applicable)	Notes
...		
Employment status of main borrower	F = full time E = employed S = self employed R = retired O = other	Applies to main borrower only Only 1 code can be entered
...		

...

3. OPTIONAL REPORTING FIELDS

The following data items are not currently mandatory reporting fields. ~~Firms are not obliged to report these items within the data report if the data is not readily available.~~

However, without this information, we will not be able to identify individual incorrect transactions. A firm would need to trawl through all submitted transactions until they could match the original transaction details and thus, correct and resubmit the information to us. These data items are essential for the smooth running of the regulatory reporting process both from the FSA's and the firm's perspective and because we understand that these data items are generally available to firms it is our intention to make these data items mandatory in due course. In the interim, we would encourage firms to build these extra items into their PSD reporting systems.

Data reporting field	Illustrative code (where applicable)	Notes
...		
<u>Product sale reference</u>	<u>free text field</u>	<u>This can be any unique number such as the policy/account number but must be a number that the a firm can use to trace the original transaction information.</u>
<u>Date sale of product</u>	<u>DD/MM/YYYY</u>	<u>Enter date</u>

concluded		
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...

SUP Schedule 2 – Notification Requirements

Table 2

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
SUP 16.10.4 R	<u>Verification</u> Confirmation of <i>standing data</i> items	Confirmation of accuracy of <i>standing data</i> or correction of inaccuracies <u>in <i>standing data</i></u>	<i>Accounting reference date</i>	30 <i>business days</i> after <i>accounting reference date</i>
...				

Annex D

Amendments to the Dispute Resolution: Complaints sourcebook

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

DISP Table: Transitional Provisions table

1

(1)	(2)	(3)	(4)				(5)	(6)
	Material to which the transitional provision applies		Transitional provision				Transitional provision: dates in force	Handbook provision: coming into force
...								
12	<i>DISP</i> 1.5.4R	R	If transitional provision 11R applies, the <i>firm's</i> first and second report must be provided as follows:					
			Accounting reference date	Reporting period starts	Reporting period ends	Report to be provided		
			Between 1 January 2005 and 31 March 2005	1 st report: 1 April 2005	<i>6 months</i> after <u>the accounting reference date</u> within 2005	30 <i>business days</i> after period end		
				2 nd report: <u>the day after the end of the 1st reporting period</u> <i>6 months</i> after the <i>business day</i> following the	<u>the accounting reference date</u> within 2006			

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision			(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
				<i>accounting reference date within 2005</i>			
			Between 1 April 2005 and 30 June 2005	1 st report: 1 April 2005	<i>6 months after the accounting reference date within 2005</i>	30 business days after period end	
				2 nd report: <i>the day after the end of the 1st reporting period the business day following the accounting reference date within 2005</i>	<i>6 months after the accounting reference date within 2006</i>		
			Between 1 July 2005 and 30 September 2005	1 st report: 1 April 2005	<i>the accounting reference date within 2005</i>	30 business days after period end	
				2 nd report: <i>the day business day following</i>	<i>6 months after the business day accounting</i>		

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision				(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
				the accounting reference date within 2005	reference date within 2005			
			Between 1 October 2005 and 31 December 2005	1 st report: 1 April 2005	6 months preceding the accounting reference date within 2005	30 business days after period end		
				2 nd report: <u>the day business day following</u> 6 months preceding the accounting reference date within 2005	<u>6 months after the business day</u> accounting reference date within 2005			
...								