

HANDBOOK ADMINISTRATION (NO 2) INSTRUMENT 2005**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of the following powers in or under the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 149 (Evidential provisions);
 - (3) section 156 (General supplementary powers); and
 - (4) section 157(1) (Guidance).
- B. This instrument ratifies that the Electronic Money Sourcebook (Amendment) Instrument 2005 (FSA 2005/18) as amended by addendum was made by the Financial Services Authority in the exercise of its powers under section 138 (General rule-making power) of the Act.
- C. The rule-making powers listed in A. and B. are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- D. This instrument comes into force on as follows:
- (1) Annex G to this instrument comes into force on 1 April 2006;
 - (2) the remainder of this instrument comes into force on 1 January 2006.

Amendments to the Handbook

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

(1)	(2)
Glossary of definitions	Annex A
General Provisions (GEN)	Annex B
Integrated Prudential sourcebook (PRU)	Annex C
Interim Prudential sourcebook for Friendly Societies (IPRU(FSOC))	Annex D
Conduct of Business sourcebook (COB)	Annex E
Insurance: Conduct of Business sourcebook (ICOB)	Annex F
Mortgages: Conduct of Business sourcebook (MCOB)	Annex G
Supervision manual (SUP)	Annex H
Credit Unions sourcebook (CRED)	Annex I

Citation

- F. This instrument may be cited as the Handbook Administration (No 2) Instrument 2005.

By order of the Board
15 December 2005

Annex A

Amendments to the Glossary of definitions

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

Amend the following definitions as shown:

- Financial Groups Directive Regulations* ~~{To be included in the Glossary when those Regulations are made}~~ the Financial Conglomerates and Other Financial Groups Regulations 2004 (SI 2004/1862).
- rolling spot forex contract* either of the following:
(a) ... ; or
(b) a *contract for differences* where the profit is to be secured or loss avoided by reference to fluctuations in foreign exchange; and
in either case ...
- Third party processors* (1) A *firm* ("Firm A") which carries on *regulated mortgage activities* or *insurance mediation activities* in relation to *non-investment insurance contracts*, or both, for another *firm* (or an *appointed representative*) ("Firm B") under a properly documented *outsourcing* agreement, the terms of which provide that when Firm A carries on any of these activities ("the outsourced activities") for Firm B:
(a) Firm A acts only on the instructions of Firm B;
(b) in any communication with a *customer*, Firm A represents itself as Firm B;
(c) Firm A undertakes to co-operate fully with Firm B in relation to any complaints arising from Firm A's performance of the outsourced activities, even if the complaint is made after Firm A has ceased to carry on the outsourced activities for Firm B; and
(d) Firm B accepts full responsibility for the acts and omissions of Firm A when carrying on the outsourced activities and must pay any redress due to the *customer*;
or an *appointed representative* ("Firm A") which carries on such activities for its *principal* ("Firm B") under such an agreement.
- (2) ...

Annex B

Amendments to the General Provisions

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

1.2.3 G GEN ~~1.2.1G~~1.2.2R(2)(f) is confined to written approval because of the need for clarity as to the scope of any approval given by the *FSA*.

...

2.2.5 G Chapter 6 of the Reader's Guide contains an explanation of the significance of the status letters R, ~~D, P, C~~, E, G, D, UK, EU, P and ~~GC~~, and includes further information on Handbook provisions, including evidential provisions.

Annex C

Amendments to the Integrated Prudential sourcebook

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

...

Terms to be incorporated in the insurance

- 9.2.10 R In relation to the activities referred to in *PRU* 9.2.1R(2), the contract of professional indemnity insurance must incorporate terms which make provision for:
- (1) ...
 - (2) the minimum *limits of indemnity* per year as set out in *PRU* 9.2.13R (in relation to *insurance mediation activity*) and *PRU* 9.2.15R (in relation to *mortgage mediation activity*);
 - (3) ...

...

Annex D

Amendments to the Interim Prudential sourcebook for Friendly Societies

In this Annex, underlining indicates new text and striking through indicates deleted text. Where an entire section of text is deleted this is indicated but the deleted text is not shown struck through.

Delete IPRU(FSOC) Annex 6 in its entirety.

Annex 6 [deleted]

...

Annex E

Amendments to the Conduct of Business sourcebook

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

4.2.11 E (1) ...

(1A) ~~[deleted]~~ In relation to a *service company*, or a *firm* that is undertaking *oil market activity* or other *energy market activity*, that operates an *ATS*, the references in paragraph (1)(a) to *COB 4.2.15 E* and *COB 4.2.16 E* do not apply.

...

...

Amend COB Schedule 1 as shown:

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
<i>COB 5.3.26 R(2)</i> <u>[deleted]</u>	Statistics of pension opt-out or pension transfer transactions <u>[deleted]</u>	Details of the notification required by <i>COB 5.3.26 R(1)</i> and <i>COB 5.3.26 R(1A)</i> <u>[deleted]</u>	On making the notification <u>[deleted]</u>	Indefinitely <u>[deleted]</u>
...				

Annex F

Amendments to the Insurance: Conduct of Business sourcebook

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

- 3.8.3 G (6) ...
- it should include, ~~with equal prominence~~, a prominent statement of the basis on which the reduction is to be achieved. ...
- ...
- 4.2.9 R Where contact by the *insurance intermediary* with the *customer* is limited to *introducing* the *customer* to another *insurance intermediary* (or to an *insurer* as *product provider*), the *insurance intermediary* making the introduction must give the *customer* the following information about itself ~~must be given~~ the following information about itself in good time before making the introduction ~~is made~~:
- ...
- ...
- 5.4.8 R When an *insurance intermediary* sells a *group policy* to a *commercial customer* the terms of which provide for *persons*, other than the *commercial customer* who concludes the *non-investment insurance contract*, to become *policyholders*, the *insurance intermediary* must, promptly after the conclusion of the contract:
- (1) ...
- (2) ~~where a *policy summary* is provided~~, inform the *commercial customer* that he should:
- (a) where a *policy summary* is supplied, provide the *policy summary* containing the information in (1) to each *policyholder* who is capable of being a *retail customer*; and
- ...
- (b) inform each *policyholder* that a copy of the *policy document* is available on request; and
- ...
- ...
- 5.5.4 R A *firm* may provide *key features* that meet the requirements of *COB 6* on the content of the *key features*,² instead of a *policy summary*. The *key features* must include the information required in *ICOB 5.5.5R*(6), (10) and (13) (cross-references from significant ~~and~~ or unusual exclusions or limitations to related sections of the *policy document*, a telephone number or address for

notification of *claims* and the key facts logo), in addition to that required by COB 6 ...

5.5.5 R Table Policy summary content. This table belongs to ICOB 5.5.1R.

Policy summary content	
(1)	...
...	
(5)	significant and <u>or</u> unusual exclusions or limitations;
...	

...

5.5.10 G Some examples of significant ~~and~~ or unusual exclusions or limitations are as follows:

...

...

Annex G

Amendments to the Mortgages: Conduct of Business sourcebook

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

...

4.1.2 R Table

This table belongs to *MCOB 4.1.1R*

(1) Category of firm	(2) Applicable section
<i>mortgage lender</i>	whole chapter except <i>MCOB 4.5</i> and <i>MCOB 4.6</i> - <u><i>MCOB 4.7</i></u>
...	...

...

9.1.2 R Table

This table belongs to *MCOB 9.1.1R*

(1) Category of firm	(2) Applicable section
<i>mortgage lender</i>	<i>MCOB 9.1 – 9.7</i> <u>whole chapter</u>
...	...
<i>mortgage adviser</i>	<u><i>MCOB 9.1 – 9.4</i></u> and <u><i>MCOB 9.8.5R – MCOB 9.8.10R</i></u>
<i>mortgage arranger</i>	<u><i>MCOB 9.1 – 9.4</i></u> and <u><i>MCOB 9.8.5R – MCOB 9.8.10R</i></u>

...

Annex H

Amendments to the Supervision manual

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

Insert sub-headings above the following paragraphs:

Rights and duties of auditors

3.2.6 G ...

...

6.4.6 G ...

(2) ...

(c) email cancellations.team@fsa.gov.uk

...

16.10.7 G For the purpose of *SUP* 16.10.4R(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 ~~23~~R (standing data form) and the form in *SUP* 15 Ann ~~34~~R (notification form).

Annex I

Amendments to the Credit Unions sourcebook

In this Annex, underlining indicates new text and striking through indicates deleted text. Where an entire section of text is deleted this is indicated but the deleted text is not shown struck through.

- 17.6.8 R ...
- except that:
- (1) instead of the *credit union's* usual supervisory contact, the report should be given to or addressed for the attention of the Notification, Reporting and Data Maintenance department of the FSA~~;~~ and
- (2) ~~[deleted] in addition to the methods of submission of reports in SUP 16.3.9R, a *credit union* may submit a report under this section through, and in the electronic format specified in, the FSA's Complaints Reporting System.~~
- 17.6.8A R [deleted]
- 17.6.8B R [deleted]
- ...