

INTEGRATED REGULATORY REPORTING (HOME REVERSION AND HOME PURCHASE PLANS) INSTRUMENT 2006

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 the 1 April 2007.

Amendments to the Handbook

- D. The Supervision manual (SUP) is amended in accordance with Annex A to this instrument.
- E. The Dispute Resolution: Complaints sourcebook (DISP) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Integrated Regulatory Reporting (Home Reversion and Home Purchase Plans) Instrument 2006.

By order of the Board

23 November 2006

Annex A

Amendments to the Supervision manual (SUP)

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

SUP TP 1 Transitional Provisions

...

SUP TP 1.2 Transitional Provisions table

(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
...					
12K	<u>SUP</u> <u>16.7.7R,</u> <u>SUP</u> <u>16.7.8R,</u> <u>SUP</u> <u>16.7.9R,</u> <u>SUP</u> <u>16.7.10R,</u> <u>SUP</u> <u>16.7.11R,</u> <u>SUP</u> <u>16.7.12R,</u> <u>SUP</u> <u>16.7.16R,</u> <u>SUP</u> <u>16.7.17R,</u> <u>SUP</u> <u>16.7.24R,</u> <u>SUP</u> <u>16.7.25R,</u> <u>SUP</u> <u>16.7.26R,</u> <u>SUP</u> <u>16.7.27R,</u> <u>SUP</u> <u>16.7.28R,</u> <u>SUP</u> <u>16.7.29R,</u> <u>SUP</u> <u>16.7.35R,</u> <u>SUP</u>	R	<p>Solely in respect of information regarding any <i>reversion activity</i> or <i>home purchase activity</i> required to be reported in the <i>RMAR</i> and <i>MLAR</i>, a <i>firm</i>:</p> <p>(1) is not required to include such information in respect of the applicable reporting periods (as set out in the relevant provisions in <i>SUP</i> 16.7) ending before 1 October 2007;</p> <p>(2) must include such information in respect of reporting periods ending on or after 1 October 2007;</p> <p>(3) must include such information under existing mortgage headings (for the <i>RMAR</i>) or loan headings (for the <i>MLAR</i>) as set out in the guidance in <i>SUP</i> 16 Annex 18BG and <i>SUP</i> 16 Annex 19BG respectively.</p>	1 April 2007 to 31 December 2008	<i>Commencement</i>

<u>16.7.36R,</u> <u>SUP</u> <u>16.7.54R,</u> <u>SUP</u> <u>16.7.54AR,</u> <u>SUP</u> <u>16.7.57R,</u> <u>SUP</u> <u>16.7.58R,</u> <u>SUP</u> <u>16.7.62R,</u> <u>SUP</u> <u>16.7.63R,</u> <u>SUP</u> <u>16.7.65R,</u> <u>SUP</u> <u>16.7.66R,</u> <u>SUP</u> <u>16.7.73R,</u> <u>SUP</u> <u>16.7.74R,</u> <u>SUP</u> <u>16.7.75R,</u> <u>SUP</u> <u>16.7.76R</u> <u>and SUP</u> <u>16.7.77R,</u>				
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...

16.1 Application

...

16.1.3 R Application of different sections of SUP 16

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...
SUP 16.4 and SUP 16.5	...	...
...
	(j) a firm with permission to carry on only <i>insurance mediation activity</i> , mortgage <i>home finance mediation activity</i> , or	

		both;	
...
SUP 16.7	...		...
...
	(1)	with <i>permission</i> to carry on one or more of:	
	
	(b)	<i>mortgage home finance mediation activity</i> ; or	
	(c)	<i>mortgage lending home finance providing activity</i> ; or	
	(d)	<i>Mortgage administration administering a home finance transaction</i> ; or	
...
SUP 16.11	...		...
	(1)	a <i>mortgage lender home finance provider</i> ; or	
...

...

16.7 Financial reports

...

16.7.3 G Purpose
Principle 4 ... (or, in the case of firms with permission to carry on insurance mediation activity, ~~mortgage~~ home finance mediation activity, or both, PRU) ...

...

16.7.5 G ...

Firm category	Applicable rules and
---------------	----------------------

		guidance
...		...
(a)	with <i>permission</i> to carry on one or more of:	

(2)	mortgage <u>home finance mediation activity</u> ; or	
(3)	mortgage lending <u>home finance providing activity</u> ; or	
(4)	Mortgage administration <u>administering a home finance transaction</u> ; or	
...		

16.7.6B G The RMAR...carrying on *insurance mediation activity*, ~~mortgage~~ home finance mediation activity or *retail investment activity*... The MLAR is relevant to firms carrying on ~~mortgage lending~~ home finance providing activity or ~~mortgage administration~~ administering a home finance transaction.

16.7.6C R Where reference is made in SUP 16.7 to adequate information relating to:
...

(2) the following activities:

...

(b) ~~mortgage~~ home finance mediation activity; or

...

this includes all sections of the RMAR in addition to those relating to financial reports, except where otherwise indicated.

16.7.6E G Where SUP16.7 requires a report containing adequate information on one or more of the following activities:

... ..

(2) ~~mortgage~~ home finance mediation activity;

(3) ~~mortgage lending~~ home finance providing activity;

(4) ~~mortgage administration~~ administering a home finance transaction;

... ..

16.7.8 R Reports from a UK bank (see SUP 16.7.7 R)

Content of Report	Form or Return (Note 1)	Frequency	Due date
...
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>
...			

...
16.7.10 R Reports from an EEA Bank (see SUP 16.7.9 R)

Content of Report	Form or Return (Note1)	Frequency	Due date
...
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home</i>

* Amendments to the wording of this provision were made by the Board in the Integrated Regulatory Reporting (Amendment) Instrument 2005 (FSA 2005/63) on 17 November 2005 and come into force on 1 January 2007, subject to the application of any transitional provisions detailed in that Instrument.

<i>finance transaction</i>			
...			

...

16.7.12 R Reports from a bank established outside the EEA (see SUP 16.7.11 R)

Content of Report	Form or Return (Note1)	Frequency	Due date
...
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>
...			

...

16.7.17 R Reports from a building society (see SUP 16.7.16 R)

Content of Report	Form or Return (Note 1)	Frequency	Due date
...
* Adequate information relating to the following activities:

* Amendments to the wording of this provision were made by the Board in the Integrated Regulatory Reporting (Amendment) Instrument 2005 (FSA 2005/63) on 17 November 2005 and come into force on 1 January 2007, subject to the application of any transitional provisions detailed in that Instrument.

(1) ... (2) <i>mortgage home finance mediation activity</i> ; (3) ...			
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>.	...	...	...
...			

...

16.7.25 R Reports required from a securities and futures firm which is a category A or B firm or a broad scope firm (see SUP 16.7.24 R)

Report	Return	Frequency	Due date
...
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>
...			

...

16.7.27 R Reports from a securities and futures firm which is a category C or D firm

* Amendments to the wording of this provision were made by the Board in the Integrated Regulatory Reporting (Amendment) Instrument 2005 (FSA 2005/63) on 17 November 2005 and come into force on 1 January 2007, subject to the application of any transitional provisions detailed in that Instrument.

or an arranger or venture capital firm (see SUP 16.7.26 R)

Report	Return	Frequency	Due Date
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>
...			

...

16.7.29 R Reports from a securities and futures firm which is an adviser, local or a traded options market maker (see SUP 16.7.28 R)

Report	Return	Frequency	Due date
...
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction.</i>
...			

...

16.7.36 R Reports from an investment management firm (see SUP 16.7.35 R)

Report	Return	Frequency	Due date
--------	--------	-----------	----------

* Amendments to the wording of this provision were made by the Board in the Integrated Regulatory Reporting (Amendment) Instrument 2005 (FSA 2005/63) on 17 November 2005 and come into force on 1 January 2007, subject to the application of any transitional provisions detailed in that Instrument.

...
* Adequate information relating to the following activities: (1) ... (2) mortgage <u>home finance mediation activity</u> ; (3) ...	...	...	...
* Adequate information relating to mortgage-lending <u>home finance providing activity and mortgage administration administering a home finance transaction.</u>	...	...	...
...			

...

Authorised Professional firms

- 16.7.54 R (1) An authorised professional firm must submit an annual questionnaire, contained in SUP 16 Annex 9,
- (a) it is only regulated activities are one or more of :
- ...
- (ii) ~~mortgage~~ home finance mediation;
- ...
- (iv) ~~mortgage-lending~~ home finance providing activity;
- (v) ~~mortgage administration~~ administering a home finance transaction; or

...

16.7.54 R Reports from an authorised professional firm (see SUP 16.7.54R)

A

Report	Return (Note 1)	Frequency	Due date
...
(1) ...			

* Amendments to the wording of this provision were made by the Board in the Integrated Regulatory Reporting (Amendment) Instrument 2005 (FSA 2005/63) on 17 November 2005 and come into force on 1 January 2007, subject to the application of any transitional provisions detailed in that Instrument.

(2)	mortgage home finance mediation activity;			
...	...			
	Adequate information relating to mortgage lending home finance providing activity and mortgage administration administering a home finance transaction.	...	...	...
	...			
	Note 2 = ... revenue relating to <i>insurance mediation activity</i> , mortgage home finance mediation activity and <i>retail investment activity</i> .			
	...			

...

16.7.58 R Reports from a members' adviser (see SUP 16.7.57 R)

Report	Return (Note 1)	Frequency	Due date
...
* Adequate information relating to the following activities: (1... (2) mortgage home finance mediation activity ; (3)
* Adequate information relating to mortgage lending home finance providing activity and mortgage administration administering a home finance transaction.
...			

* Amendments to the wording of this provision were made by the Board in the Integrated Regulatory Reporting (Amendment) Instrument 2005 (FSA 2005/63) on 17 November 2005 and come into force on 1 January 2007, subject to the application of any transitional provisions detailed in that Instrument.

...

16.7.63 R Reports required from a credit union (see SUP 16.7.62 R)

Content of report	Form or Return	Frequency	Due date
...
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
* Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>
...			

...

16.7.66 R Reports from an ELMI (see SUP 16.7.65 R)

Content of Report	Form or Return (Note 1)	Frequency	Due Date
* Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)

* Amendments to the wording of this provision were made by the Board in the Integrated Regulatory Reporting (Amendment) Instrument 2005 (FSA 2005/63) on 17 November 2005 and come into force on 1 January 2007, subject to the application of any transitional provisions detailed in that Instrument.

*Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>	...	...	...
...			

...

* 16.7.74 R The activities referred to in SUP 16.7.73 R are:

- (1) ...
- (2) *mortgage home finance mediation activity*;
- (3) ...
- (4) *mortgage lending home finance providing activity*; and
- (5) *mortgage administration administering a home finance transaction*.

* 16.7.75 R Reports from an insurer or friendly society (see SUP 16.7.73R)

Report	Return (Note 1)	Frequency	Due date
Adequate information relating to the following activities: (1) ... (2) <i>mortgage home finance mediation activity</i> ; (3)
Adequate information relating to <i>mortgage lending home finance providing activity</i> and <i>mortgage administration administering a home finance transaction</i>
...			

...

A firm not subject to other reporting requirements in SUP 16.7

16.7.76 R A firm not subject to other reporting requirements in SUP 16.7.1G – SUP16.7.75R (nor to reporting requirements in IPRU (INS) or IPRU

(FSOC):

(1) with *permission* to carry on one or more of:

...

(b) ~~mortgage~~ home finance mediation activity; or

(c) ~~mortgage lending~~ home finance providing activity; or

(d) ~~mortgage administration~~ administering a home finance transaction; or

must submit reports to the *FSA* in accordance with 16.7.77R.

16.7.77 R Reports from a firm not subject to other reporting requirements in SUP 16.7.1G

Report	Return (Note 1)	Frequency	Due date
...
(b) mortgage <u>home finance mediation activity</u> ;			
...			
Adequate information relating to mortgage lending <u>home finance providing activity</u> and mortgage <u>home finance administering</u>
If the firm is a mortgage lender <u>home finance provider</u> or mortgage <u>home finance administrator</u> , annual report and audited accounts.
...
Note 2 = ...relating to <i>insurance mediation activity</i> , mortgage <u>home finance mediation activity</u> and <i>retail investment activity</i> .			

16.7.78 R Where a ~~mortgage lender~~ home finance provider or ~~mortgage~~ home finance intermediary establishes a *special purpose vehicle*, it must ensure that any

report which the ~~mortgage lender~~ home finance provider or ~~mortgage home finance intermediary~~ makes in accordance with SUP 16.7.76 R takes account of the activities of the *special purpose vehicle* as if those activities were the activities of the ~~mortgage lender~~ home finance provider itself.

16.7.79 R An *incoming EEA firm* which is in the United Kingdom carries on only *cross border services* and is not subject to other reporting requirements in SUP 16.7 with *permission* to carry on:

...

(2) ~~mortgage~~ home finance mediation activity; or

(3) ~~mortgage lending~~ home finance providing activity; or

(4) ~~mortgage administration~~ administering a home finance transaction;
or

...

... is subject to the requirements of SUP 16.10 only, and no requirements in respect of the *RMAR* or *MLAR*.

16.11 Product Sales Data Reporting

16.11.1 R ...

This section applies to a firm which is a ~~mortgage lender~~ home finance provider; or in respect of sales to a *private customer* or a *retail customer*:

...

...

16.11.5 R Content of the report

The data report must contain sales data in respect of the following products:

(1) *retail investments*;

(2) *pure protection contracts*; ~~and~~

(3) *regulated mortgage contracts* (but not further advances);

(4) *home purchase plans*; and

(5) *home reversion plans*.

...

SUP 16 Ann 18B

**NOTES FOR COMPLETION OF
THE RETAIL MEDIATION ACTIVITIES RETURN ('RMAR')**

...

Scope

6. ...

(b) *firms with permission to carry on ~~mortgage~~ home finance mediation activity;*

...

Application of RMAR sections

7. *Firms conducting ~~mortgage-lending~~ or ~~mortgage~~ home finance providing activity or ~~administration~~ administering a home finance transaction ...*

8. However, ... a *firm* that has the *permission* to carry on ~~mortgage-lending~~ home finance providing activity or ~~mortgage~~ administration administering a home finance transaction will not be subject to our proposed data

Authorised professional firms

12. APFs ...for *insurance mediation activity* or ~~mortgage~~ home finance mediation activity) are not required to complete ...

13. The application ... and PRU 9.3.10R (for ~~mortgage~~ home finance mediation activity and *insurance mediation activity*).

...

Section B: Profit & Loss Account

...

Note: Home purchase and reversion activity should be included under the existing mortgage headings in this section of the RMAR.

Section B: guide for completion of individual fields

Commissions (gross)	<p>...</p> <ul style="list-style-type: none"> • for regulated mortgage contracts <u>home finance transactions</u>, this includes commissions received for <i>advising on regulated mortgage contracts home finance transactions</i> and <i>arranging</i>, but not <u>lending</u>, <u>providing</u> and <u>administration</u>; <p>...</p>
...	...
Regulated business	...

revenue	For an <i>insurance intermediary</i> or a mortgage <u>home finance intermediary</u> , this should be calculated in the same way as ‘annual income’, as specified in PRU9.3.44R (although in this context the period is not generally annual). This <i>rule</i> states: “For a firm which carries on <i>insurance mediation activity</i> or mortgage <u>home finance mediation activity</u> , ...
...	...

Section C: Client Money and assets

Note: Home purchase and reversion activity should be included under the existing mortgage headings in this section of the RMAR.

...

Note 1: *firms* that only carry on ~~mortgage~~ home finance mediation activity ...

...

Section D: Regulatory Capital

Note: Home purchase and reversion activity should be included under the existing mortgage headings in this section of the RMAR.

‘Higher of’ requirements

In this section ... The calculations are the same, however, for both ~~mortgage~~ home finance mediation activity ...

If a *firm* carries on one or both of:

- ~~mortgage~~ home finance mediation activity, and/or...

...

(i) *firms* carrying on ~~mortgage~~ home finance mediation activity,...

Sub-sections: this section is sub-divided as follows:

...

Section D1: guide for completion of individual fields

Is the firm exempt from these capital requirements in relation to any of its retail mediation activities?	... • <i>investment firms</i> not subject to IPRU(INV) Chapter 13 (unless they additionally carry on mortgage <u>home finance mediation activity</u> or <i>insurance mediation activity</i> relating to <i>non-investment insurance contracts</i>).
Mortgage Home finance and non-investment insurance mediation (see sub paragraph (i) above)	
Base requirement	The minimum capital requirements for <i>firms</i>

	<p>carrying on mortgage <u>home finance mediation activity</u> and for <u>insurance mediation activity</u> relating to <u>non-investment insurance contracts</u> are set out in <i>PRU 9.3.30R</i>.</p> <p>If the <i>firm</i> carries on <i>designated investment business</i> as well as mortgage <u>home finance mediation activity</u>, <u>insurance mediation activity</u> ...</p>
5% of annual income (firms holding client money)	For <i>firms</i> that hold <i>client money</i> or other <i>client</i> assets in relation to <u>insurance mediation activity</u> or mortgage <u>home finance mediation activity</u> , this should be calculated as 5% of the annual income (see <i>PRU 9.3.30R(2)</i>) from the <i>firm's</i> <u>insurance mediation activity</u> , mortgage <u>home finance mediation activity</u> , or both.
2.5% of annual income (firms not holding client money)	For <i>firms</i> that do not hold <i>client money</i> or other <i>client</i> assets in relation to <u>insurance mediation activity</u> or mortgage <u>home finance mediation activity</u> , this should be calculated as 2.5% of the annual income (see <i>PRU 9.3.30R(1)</i>) from the <i>firm's</i> <u>insurance mediation activity</u> , mortgage <u>home finance mediation activity</u> , or both.
...	...
Other <i>FSA</i> capital requirements (if applicable)	... ... For example, <i>firms</i> that carry on the activities of mortgage lending <u>home finance providing activity</u> or mortgage administration <u>administering a home finance transaction</u> in addition to mortgage <u>home finance mediation activity</u> and/or <u>insurance mediation activity</u> ...
...	...

...

Section E: Professional Indemnity Insurance

Note: Home purchase and reversion activity should be included under the existing mortgage headings in this section of the RMAR.

...

Note on the scope of Section E: ...

The PII requirements ... set out in *IPRU(INV) 2.3*. APFs that carry on ~~mortgage~~ home finance mediation activity or insurance mediation activity are subject to the full requirements of *MIPRU 3*.

Section E: guide for completion of individual fields

Is the firm exempt from the PII requirements in respect of any	The conditions for exemptions from the PII requirements for <i>firms</i> carrying on <i>insurance</i> or
--	--

regulated activities?	<u>mortgage home finance mediation</u> are set out in PRU 9.2.1R paragraphs (3) to (6). ...
...	...
Is the cover compliant?	... <i>Insurance intermediaries and <u>mortgage home finance intermediaries</u> – PRU 9.2 Personal investment firms - IPRU(INV) 13.1</i> ...
...	...
Limit of Indemnity	... For <i>insurance intermediaries</i> , see PRU 9.2.13R. For <i><u>mortgage home finance intermediaries</u></i> , see PRU 9.2.15R. For <i>personal investment firms</i> , see IPRU(INV) 13.1.4E. ...
Policy excess	For <i>insurance intermediaries</i> and <i><u>mortgage home finance intermediaries</u></i> ...
...	...

...

Sub-heading: approved persons

...

For *firms* carrying on ~~*mortgage*~~ *home finance mediation* activity and/or *insurance mediation* activity relating to *non-investment insurance contracts*...

...

Section G: Training & Competence ('T&C')

Note: Home purchase and reversion activity should be included under the existing mortgage headings in this section of the RMAR.

...

Chapter 2 ... *advising on investments* or on ~~*regulated mortgage*~~ *home finance transactions* ~~*contracts*~~ (see, generally, TC 2.1.4R) ...

...

Section G: guide for completion of individual fields

...	...
Number of staff that give advice	... If staff advise in relation to more than one business type (i.e. <i>mortgage</i> <i>home finance transaction</i> advising, advising on <i>non-investment insurance</i>
...	...
Number of advisers that have passed	...

appropriate examinations	In the case ... <i>employees</i> engaged in <i>advising a customer on a regulated mortgage contract <u>home finance transaction</u></i> other than a <i>regulated mortgage contract <u>home finance transaction</u></i> that the firm has concluded solely for a business purpose (Table TC 2.1.4R (1)(p)) ...
...	...

Section H: Conduct of Business (‘COB’) Data

Note: Home purchase and reversion activity should be included under the existing mortgage headings in this section of the RMAR.

...
Section J: data required for calculation of fees

...
Note: Home purchase and reversion activity should be included under the existing mortgage headings in this section of the RMAR.

Part 7: SUP 16 Ann 19BG

NOTES FOR COMPLETION OF THE MORTGAGE LENDING & ADMINISTRATION RETURN (‘MLAR’)

...
INTRODUCTION: GENERAL NOTES ON THE RETURN

1. Introduction

- ...
- ...
 - Regulated mortgage contracts and the wider mortgage market
 - Home Reversion plans and Home Purchase plans
 - Accounting conventions
 - ...

2. Overview of reporting requirements

The data requirements for *firms* carrying on the *regulated activities* of ~~mortgage lending~~ home finance providing activity and ~~mortgage administration~~ administering a home finance transaction consist of quarterly ...

- a firm carrying on both ~~mortgage-lending~~ home finance providing activity and ~~mortgage administration~~ administering a home finance transaction will need to complete the whole of the *MLAR*;
- a firm carrying on ~~mortgage-lending~~ home finance providing activity but not also ~~mortgage administration~~ administering a home finance transaction will need to complete the whole of the *MLAR* except sections G and H;
- a firm carrying on ~~mortgage administration~~ administering a home finance transaction, but not also ~~mortgage-lending~~ home finance providing activity, will need to complete sections A, B, C, G, H and J of the *MLAR*.

...

Firm	Sections of the <i>MLAR</i> not required
Mortgage lender <u>Home finance provider/administrator</u> with no other activities (a)	...
Mortgage lender <u>Home finance provider/administrator</u> that is also subject to the <i>RMAR</i> (a)	...
...	...

...

3. Purpose of reporting requirements

The reasons why the *FSA* requires this data from ~~mortgage lenders~~ home finance providers and *administrators* are as follows:

- ...
- to help assess the risks in the ~~mortgage~~ home finance market as a whole to inform, for example...

The *MLAR* requires ~~mortgage lenders~~ home finance providers and *administrators* to submit four types of data:

- financial data to assist in the prudential supervision of ~~mortgage lenders~~ home finance providers and *administrators*. ...
- quarterly reporting of quantitative and qualitative data by all ~~mortgage lenders~~ home finance providers and *administrators* to enable monitoring of compliance with the requirements of *MCOB*;
- quarterly provision of qualitative ~~mortgage~~ home finance information by all ~~mortgage lenders~~ home finance providers and *administrators* to enable the *FSA* to understand developments in the ~~mortgage~~ home finance markets as a whole, ...

...

Tables A to C: provide the framework for the FSA's financial monitoring and prudential supervision of ~~mortgage lenders~~ home finance providers and administrators;

Tables D to F: provide the framework for the provision of qualitative ~~mortgage~~ home finance information by ~~mortgage lenders~~ home finance providers;

Table G, H: provides the framework for the FSA's monitoring of ~~mortgage administration—activities~~ administering a home finance transaction activity.

Table J provides information on fee tariff measures for ~~mortgage lenders~~ home finance providers and administrators.

4. Regulated mortgage contracts and the wider mortgage market

...

(a) ...

(b) ...

The definition of a *regulated mortgage contract* ... by all monies charges.

4 a. Home reversion and home purchase plans

Definitions

(1) Home reversion plan

This is defined in the *Handbook* as follows:

(in accordance with article 63B(3) of the *Regulated Activities Order*) an arrangement comprised in one or more instruments or agreements which meets the following conditions at the time it is entered into:

(a) the arrangement is one under which a *person* (the *reversion provider*) buys all or part of a *qualifying interest in land* from an individual or trustees (the *reversion occupier*);

(b) the *reversion occupier* (if he is an individual) or an individual who is a beneficiary of the trust (if the *reversion occupier* is a trustee), or a related person, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling and intends to do so; and

(c) the arrangement specifies that the entitlement to occupy will end on the occurrence of one or more of:

(i) a *person* in (b) becoming a resident of a care home;

(ii) a *person* in (b) dying; or

(iii) the end of a specified period of at least twenty years

from the date the *reversion occupier* entered into the arrangement;

in this definition "related person" means:

(A) that *person's* spouse or civil partner;

(B) a *person* (whether or not of the opposite sex) whose relationship with that *person* has the characteristics of the relationship between husband and wife; or

(C) that *person's* parent, brother, sister, child, grandparent or grandchild.

(2) Home purchase plan

This is defined in the *Handbook* as follows:

(in accordance with article 63F(3) of the *Regulated Activities Order*) an arrangement comprised in one or more instruments or agreements which meets the following conditions at the time it is entered into:

(a) the arrangement is one under which a *person* (the 'home purchase provider') buys a *qualifying interest in land* or an undivided share of a *qualifying interest in land*;

(b) where an undivided share of a *qualifying interest in land* is bought, the interest is held on trust for the home purchase provider and the individual or trustees mentioned in (c) as beneficial tenants in common;

(c) the arrangement provides for the obligation of an individual or trustees (the *home purchaser*) to buy the interest bought by the home purchase provider during the course of or at the end of a specified period;

(d) the *home purchaser* (if he is an individual) or an individual who is a beneficiary of the trust (if the *home purchaser* is a trustee), or a related person, is entitled under the arrangement to occupy at least 40% of the land in question as or in connection with a dwelling during that period and intends to do so;

in this definition "related person" means:

(A) that *person's* spouse or civil partner;

(B) a *person* (whether or not of the opposite sex) whose relationship with that *person* has the characteristics of the relationship between husband and wife; or

(C) that *person's* parent, brother, sister, child, grandparent or grandchild.

Guidance to Homer Reversion (HR) and Home Purchase Plan (HPP) firms on the completion of the MLAR

This section covers the **interim reporting** of HR and HPP products pending the outcome of the FSA's wholesale review of the MLAR under the FSA's agenda of Better Regulation.

It is recognised that HR and HPP products are not loans as such, being effectively sale and lease products. However, in order to use the MLAR as a vehicle for capturing some data on these products, they are to be treated for MLAR purposes as if they were loan products. This means that:

- (i) For a firm which is a **provider** of HR and/or HPP products:
- HR and HPP products are to be included in the balance sheet within A1.6 “Loans to Customers”. This may differ from the reporting of such products in a firm’s published accounts.
 - Within section A3, which contains a further breakdown of “Loans to Customers”, HR and HPP products are to be reported within the single category A3.5 “Other loans”.
 - As a consequence, FSA will be able to capture the key balances outstanding on these products (including any which may have been securitised) during the interim period.
- (ii) For a firm which is undertaking **administration** of HR and/or HPP products (and where that firm did not also act as provider of those products):
- HR and HPP products being administered for third parties are to be reported in section G
 - Within G1 and G2 they are to be reported within the “Other firms” category. They should however be shown under “regulated loans” solely for the purposes of recording their administration in the MLAR.
 - In section G2.2, when entering the “name of firm” in column 2, add “HR” and/or “HPP” in brackets after the name, as appropriate.
 - However, for this interim period of reporting, FSA does not propose to seek information about any arrears on HR and/or HPP products and hence such information should be excluded from section H.

...

SECTION J: FEE TARIFF MEASURES

J1 Introduction

The purpose of ... the regulated activities of *mortgage-lending* *home finance providing activity* and *mortgage-administration* *administering a home finance transaction*.

...

16 Products covered by the reporting requirement in SUP 16.11 Annex 20G

...

Part 1 - Products

The following tables ... *retail investments, pure protection contracts, regulated mortgage contracts and other home finance transactions.*

...

Table 4 – OTHER HOME FINANCE TRANSACTIONS

Relevant products include:

Home reversion plans

Home purchase plans

Part 2: Supporting product definitions/guidance for product sales data reporting

...

Other home finance transactions

<u>Finance Type</u>	<u>Description</u>
<u>Home reversion plan</u>	Defined in the Handbook <i>Glossary</i> .
<u>Home purchase plan</u>	Defined in the Handbook <i>Glossary</i> .

SUP 16
Annex
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REPORTING FIELDS

...

2 SPECIFIC REPORTING FIELDS

...

(d) Other home finance transactions

(i) Home Reversion Plans

The following data reporting fields must be completed, where applicable:

<u>Data reporting field</u>	<u>Illustrative code (where applicable)</u>	<u>Notes</u>
<u>Date reversion plan commenced</u>	<u>DD/MM/YYYY</u>	
<u>Reversion Characteristics</u>	<u>F = Full reversion</u> <u>FI = Full reversion linked to an investment with a view to providing income</u> <u>P = Partial reversion</u> <u>PI = Partial</u>	<u>Only 1 code can be entered</u>

	<u>reversion linked to an investment with a view to providing income</u> <u>O = Other</u>	
<u>Property postcode</u>	<u>e.g. XY45 6XX</u>	
<u>Reversion Sum</u>	<u>Numeric £</u>	<u>Amount of reversion lump sum or sum used to provide income</u>
<u>Full market value of property</u>	<u>Numeric £</u>	<u>The actual market value of the property or portion of property that is intended for reversion</u>
<u>Discounted value of reverted property</u>	<u>Numeric £</u>	<u>The actual discounted value of the property or portion of property on which the reversion plan is based</u>
<u>Date of birth of main XXX</u>	<u>DD/MM/YYYY</u>	<u>Report the age of the main plan holder only</u>
<u>Purpose of reversion</u>	<u>H = Extra money for home improvements</u> <u>D = Extra money for debt consolidation</u> <u>M = Extra money for home improvements and debt consolidation</u> <u>O = Other</u>	<u>Only 1 code can be entered</u>

(ii) Home Purchase Plans

The following data reporting fields must be completed, where applicable:

<u>Data reporting field</u>	<u>Illustrative code (where applicable)</u>	<u>Notes</u>
<u>Date HPP account opened</u>	<u>DD/MM/YYYY</u>	
<u>Type of rental rate</u>	<u>V = Variable</u> <u>F = Fixed</u> <u>O = Other</u>	<u>Only 1 code can be entered</u>
<u>HPP Characteristics</u>	<u>I = Ijara</u> <u>D = Diminishing Musharaka</u> <u>O=Other</u>	
<u>Type of home buyer</u>	<u>F = First time buyer</u> <u>H = Home mover</u>	<u>Only 1 code can be entered</u>

	<u>R = Re-finance</u> <u>C = Council/Registered social landlord exercising their right to buy</u> <u>O = Other</u> <u>N = Not known</u>	
<u>Term of HPP</u>	<u>Numeric</u>	<u>Number in whole years</u>
<u>Amount granted to home buyer</u>	<u>Numeric £</u>	<u>The sum of money advanced to the consumer in respect of their house purchase</u>
<u>Value of property</u>	<u>Numeric £</u>	<u>The value should be based on:</u> <ul style="list-style-type: none"> <u>• The surveyors valuation (or from a valuation index)</u> <u>• From the customers estimated value as captured on the application form.</u>
<u>Income basis</u>	<u>S = Single income</u> <u>J = Joint income</u>	<u>Use code to indicate whether the income assessment has been made on a single or joint basis.</u>
<u>Date of birth of main home buyer</u>	<u>DD/MM/YYYY</u>	<u>Report the age of the main home buyer only</u>
<u>Main home buyer employment status</u>	<u>F = Full time employed</u> <u>S = Self employed</u> <u>R = Retired</u> <u>O = Other</u>	<u>Applies to main home buyer only</u> <u>Only 1 code can be entered.</u>
<u>Total gross income</u>	<u>Numeric £</u>	<u>The total gross income of all home buyers whose income was used in the credit assessment (see guidance notes for further explanation)</u>
<u>Income verification</u>	<u>Y = Income evidenced</u> <u>N = Income not evidenced</u>	<u>Applies to plans based on one or more persons' incomes (see guidance notes relating to where income is not evidenced)</u>
<u>County court judgements (CCJs) Value</u>	<u>Numeric £</u>	<u>Applies where home buyer/s has had one or more CCJs within the last 3 years- either satisfied or unsatisfied- with a total value greater than £500.</u>
<u>Impaired credit history of main home buyer</u>	<u>A = Arrears</u> <u>V = IVA</u> <u>B = Bankruptcy</u>	<u>Use codes to indicate applicable credit history</u> <u>A = applies to previous home finance transactions where the home buyer/s has had arrears within the last 2 years where the cumulative amount overdue</u>

		<p>at any point reached three or more monthly payments or</p> <p><u>V = applies where the home buyer/s have been subject to an individual voluntary arrangement at anytime within the last 3 years</u></p> <p><u>B = applies where the home buyer/s have been subject to a bankruptcy order at any time within the last 3 years.</u></p>
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3 OPTIONAL REPORTING FIELDS

1. ...
2. The following data items ... who currently support the ~~SML (Survey of Mortgage Lenders)~~ RMS (Regulated Mortgage Survey) and other *home finance providers.*

Data reporting field	Code (where applicable)	Notes
...
<u>Is payment protection insurance (PPI) being taken out with the home purchase plan?</u>	<u>Y=Yes</u> <u>N=No</u>	<p><u>PPI can be any of the following:</u></p> <ul style="list-style-type: none"> - <u>full accident, sickness and unemployment insurance; or</u> - <u>accident and sickness only; or</u> - <u>unemployment only.</u> <p><u>Report 'Yes' even where the policy was sold or provided free and irrespective of whether the premiums are collected by the lender or the insurer.</u></p>

Annex B

Amendments to the Dispute Resolution: Complaints sourcebook

In this Annex underlining indicates new text.

DISP TP 1 Transitional Provisions

DISP TP 1.1 Transitional Provisions table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook provision: coming into force
...					
18	<u>DISP 1.5.4R</u> <u>DISP 1.5.6R</u> and <u>DISP 1 Annex 1R</u>	R	<p>(1) Solely in respect of information regarding any <i>reversion activity</i> or <i>home purchase activity</i> required to be reported in <u>DISP 1.5.4R</u>, a <i>firm</i> is not required to include such information in respect of relevant reporting periods (as set out in <u>DISP 1.5.6R</u>) ending before 1 October 2007;</p> <p>(2) For the purpose of reporting complaints under generic product types in <u>DISP 1 Annex 1R</u>:</p> <p>(i) <u>complaints relating to home reversion plans</u> must be reported under the heading of "<u>Lifetime Mortgage</u>"; and</p> <p>(ii) <u>complaints relating to home purchase plans</u> must be recorded under the heading of "<u>Other Regulated Mortgage</u>".</p>	<u>1 April 2007 to 31 December 2008</u>	<u>Commencement</u>