

INTEGRATED REGULATORY REPORTING (REMOVAL OF ANNUAL FINANCIAL RETURNS AND RECONCILIATIONS) INSTRUMENT 2008

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 (Guidance).
- B. The rule-making powers listed above are specified for the purposes of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 April 2008.

Amendments to the Handbook

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

(1)	(2)
Glossary of definitions	Annex A
Interim Prudential sourcebook for Investment Businesses (IPRU(INV))	Annex B
Prudential sourcebook for UCITS firms (UPRU)	Annex C
Supervision manual (SUP)	Annex D

Citation

- E. This instrument may be cited as the Integrated Regulatory Reporting (Removal of Annual Financial Returns and Reconciliations) Instrument 2008.

By order of the Board
27 March 2008

Annex A

Amendments to the Glossary of definitions

In this Annex, striking through indicates deleted text.

annual financial return ~~(in UPRU) means the return referred to in SUP.~~

Annex B

Amendments to the Interim Prudential sourcebook for Investment Businesses (IPRU(INV))

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

5.2.4 Annual Expenditure

5.2.4(1) R *Annual expenditure* is:

- (a) ~~the amount described as total expenditure in the most recent *annual financial return*~~ the sum of the amounts described as total expenditure in the four *quarterly financial returns* up to (and including) that prepared at the *firm's* most recent *accounting reference date*, less the following items (if they are included within such expenditure):

...

...

- (c) where a *firm* has not prepared ~~an *annual financial return* or four *annual accounts*~~ *quarterly financial returns* since the commencement of its *permitted business*, an amount based on forecast expenditure included in ~~the~~ its budget for the first twelve months' trading, as submitted with its application for membership.

- 5.2.4(2) G *A firm's financial resources requirement* will be recalculated annually when its ~~*annual financial return*~~ *fourth quarterly financial return* is prepared. The *firm* must maintain *financial resources* sufficient to meet its new *financial resources requirement* from the date on which the ~~*annual financial return*~~ *fourth quarterly financial return* is prepared and no later than 80 business days after the *firm's accounting reference date*. The *expenditure based requirement* applicable at the *accounting reference date* ~~to which the *annual financial return* is prepared~~ will be ~~that based on the previous year's figures~~ *four quarterly financial returns* prepared up to and on that date. This will usually be the same as that used in the fourth quarter's *quarterly financial return* prepared to the same *accounting reference date*.

...

APPENDIX 1 (INTERPRETATION)

...

Term	Meaning
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...

<i>annual financial return</i>	means the return referred to in the Supervision Manual.
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<i>financial return</i>	means annual financial return , quarterly financial return or monthly financial return as the case may be.
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Annex C

Amendments to the Prudential sourcebook for UCITS firms (UPRU)

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

Annual fixed expenditure

2.1.3 R For the purposes of this sourcebook, a *firm's* annual fixed expenditure is:

- (1) ~~the amount described as total expenditure in the most recent *annual financial return*~~ the sum of the amounts described as total expenditure in the four *quarterly financial returns* up to (and including) that prepared at the *firm's* most recent *accounting reference date*, less the following items (if they are included within that expenditure):

...

...

- (3) where a *firm* has not prepared ~~an *annual financial return* or *annual accounts*~~ four *quarterly financial returns* since the commencement of its *permitted business*, an amount based on forecast expenditure included in the budget for the first twelve months' trading, as submitted with its application for authorisation.

2.1.4 G A *firm's financial resources requirement* will be recalculated annually when its ~~*annual financial return*~~ *fourth quarterly financial return* is prepared. The *firm* should maintain *financial resources* sufficient to meet its new *financial resources requirement* from the date on which the ~~*annual financial return*~~ *fourth quarterly financial return* is prepared (and no later than 80 business days after the *accounting reference date*). The ~~annual fixed expenditure~~ expenditure based requirement applicable at the *accounting reference date* ~~to which the *annual financial return* is prepared~~ will be that based on the ~~previous year's figures~~ four *quarterly financial returns* prepared up to and on that date. ~~This will usually be the same as that used in the fourth quarter's *quarterly financial return* prepared to the same *accounting reference date*.~~

Annex D

Amendments to the Supervision manual (SUP)

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

SUP 16.7

16.7.21B R.

Table financial reports required from UK Insurance Special Purpose Vehicles

Report	Frequency	Due date
<u>Annual audited financial statements report and accounts</u>	Annually	3 months after the <i>firm's accounting reference date</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 16.7.24R)

Report	Return	Frequency	Due date
Audited annual financial statements <u>Annual report and accounts</u> (Note 5A)		Annually	3 months after the <i>firm's accounting reference date</i>
Annual reporting statement		Annually	3 months after the <i>firm's accounting reference date</i>
Annual reconciliation (Note 1)		Annually	3 months after the <i>firm's accounting reference date</i>
Audited accounts of any subsidiary, unless the <i>rules</i> in this chapter require that subsidiary to submit accounts to the FSA (Note 5A)		Annually	3 months after the <i>firm's accounting reference date</i>
...	
<p>Note 1 = Every year a firm must submit: (a) a reconciliation and explanation of any differences between amounts shown in the balance sheet in the audited annual financial statements and the annual reporting statement; and (b) a reconciliation and explanation of any differences between the annual reporting</p>			

statement and the monthly reporting statement prepared as at the same date. [deleted]
...

16.7.27 R

Reports from a securities and futures firm which is a category C or D firm or an arranger or venture capital firm (see SUP 16.7.26R)

Report	Return	Frequency	Due Date
Audited annual financial statements		Annually	3 months after the <i>firm's accounting reference date</i>
Annual reporting statement		Annually	3 months after the <i>firm's accounting reference date</i>
Annual reconciliation (Note 1)		Annually	3 months after the <i>firm's accounting reference date</i>
...	
<p>Note 1 = Every year a <i>firm</i> must submit:</p> <p>(a) a reconciliation and explanation of any differences between amounts shown in the balance sheet in the audited annual financial statements and the annual reporting statement; and</p> <p>(b) a reconciliation and explanation of any differences between the annual reporting statement and the monthly reporting statement prepared as at the same date. [deleted]</p>			
...			

16.7.29 R

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

Report	Return	Frequency	Due date
...	
Audited annual financial statements <u>Annual report and accounts</u> (<i>partnerships and bodies corporate only</i>)		Annually	3 <u>2</u> months after the <i>firm's accounting reference date</i>
Audited accounts of any <i>subsidiary</i> unless the <i>rules</i> in this chapter		Annually	3 months after the <i>firm's accounting</i>

require that <i>subsidiary</i> to submit accounts to the <i>FSA</i>			<i>reference date</i>
...	

16.7.33 R (1) Any report in *SUP* 16.7.23R to *SUP* 16.7.30R submitted to the *FSA* by a *securities and futures firm* must be signed by two authorised signatories satisfying the requirements of *SUP* 16.7.33R(2), except for:

- (a) ~~the audited accounts of a subsidiary of the *firm* and the *firm's* audited annual financial statements; [deleted]~~
- (aa) reports in accordance with *SUP* 16 Annex 18AR or *SUP* 16 Annex 19AR; ~~and~~
- (b) other reports where the *firm* is a *sole trader*, when only one authorised signatory is required; and
- (c) reports submitted in accordance with (3), (5) and (6).

...

(3) A *firm* must use the FiRSt 5.0 software package made available to *firms* by the *FSA* (and previously by the *SFA*) to submit the following reports:

- (a) ~~annual reporting statement; [deleted]~~
- (b) monthly reporting statement;
- (c) quarterly reporting statement; and
- (d) consolidated reporting statement.

...

...

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

Report	Return	Frequency	Due date
Annual Financial Return (Note 1)		Annually	4 months after the <i>firm's</i> accounting reference date

...	
<p>Note 1: The Annual Financial Return and the annual report and accounts of a <i>firm</i> must together give a true and fair view of the state of affairs of the <i>firm</i> (or in the case of a <i>sole trader</i>, of his regulated activities) and of the <i>firm's</i> profit or loss.</p>			
...			
<p>Note 6 : <i>Investment management firms</i> that are <i>CAD investment firms</i> must add the required information to their large exposure reporting in the Annual Financial Return <i>quarterly financial returns</i> prepared at the <i>firms' accounting reference date</i>. For the purposes of this reporting requirement, a <i>transaction</i> will be presumed to be significant if its amount exceeds 5% of the total amount of capital adequacy requirements at the level of the <i>group</i>.</p>			
...			

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

Report	Return (Note 1)	Frequency	Due date
...	
Annual reporting statement		Annually	3 months after the <i>firm's accounting reference date</i>
Annual reconciliation		Annually	3 months after the <i>firm's accounting reference date</i>
Audited accounts of any subsidiary, unless the rules in this chapter require those subsidiaries to submit accounts to the FSA		Annually	3 months after the <i>firm's accounting reference date</i>
...	

16.7.68 R Financial reports from a UCITS management company (see SUP 16.7.67R)

Report	Return	Frequency	Due date
...			

Note 3: A *firm* must therefore prepare four Quarterly Financial Returns each year. ~~One Quarterly Financial Return must be prepared to the same date as the Annual Financial Return (but submitted earlier).~~ Quarterly Financial Returns are not cumulative, and must relate only to the period concerned. A *firm* may need to prepare more frequent accounts, including financial resources statements, for its own internal use to ensure that it complies at all times with the *rules* in *UPRU* (for a *UCITS firm*) or *BIPRU* (for a *UCITS investment firm*).

...

16.12.11 R The applicable *data items* referred to in *SUP* 16.12.4R are set out according to *firm* type in the table below:

Description of data item	<i>Firm's prudential category and applicable data items (note 1)</i>							
	<i>BIPRU firms (note 17)</i>			<i>Firms other than BIPRU firms</i>				
	730K	125K and <i>UCITS investment firms</i>	50K	<i>IPRU(INV)</i> Chapter 3	<i>IPRU(INV)</i> Chapter 5	<i>IPRU(INV)</i> Chapter 9	<i>IPRU(INV)</i> Chapter 13	<i>UPRU</i>
...
Annual reconciliation				No standard format (note 18)	No standard format		No standard format (note 13)	
...	...							

16.12.12 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.4R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Data item	<i>BIPRU 730k firm</i>	<i>BIPRU 125k firm and UCITS investment firm</i>	<i>BIPRU 50k firm</i>	<i>Consolidated BIPRU investment firm</i>	<i>Firm other than BIPRU firms</i>
...
Annual reconciliation					Annually
...		
FSA029					Quarterly and annually (note 1)
FSA030					Quarterly and annually (note 1)
FSA031					Quarterly
FSA032					Quarterly
FSA033					Quarterly and annually (note 1)
FSA034					Quarterly and annually (note 1)
FSA035					Quarterly and annually (note 1)
FSA036					Quarterly and annually (note 1)

FSA037					Quarterly and annually (note 1)
...
Note 1	The annual <i>data item</i> to be submitted is additional to the fourth quarterly return to be submitted. The information to be submitted in the annual <i>data item</i> must (except for exempt CAD firms or firms subject to the small firms audit exemption) be audited before it is submitted. [deleted]				
...	...				

16.12.13 R The applicable due dates for submission referred to in SUP 16.12.6R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.12R.

<i>Data item</i>	Monthly submission	Quarterly submission	Half yearly submission	Annual submission
...
Annual reconciliation				80 business days
...

16.12.15 R The applicable *data items* referred to in SUP 16.12.4R according to type of *firm* are set out in the table below:

Description of data item	<i>Firms prudential category and applicable data items (note 1)</i>							
	<i>BIPRU</i>			<i>Firms other than BIPRU firms</i>				
	730K	125K and UCITS investment firms	50K	IPRU (INV) Chapter 3	IPRU (INV) Chapter 5	IRPU (INV) Chapter 9	IPRU (INV) Chapter 13	UPRU
...	...							
Annual				No	No		No	

reconciliation				standard format	standard format		standard format (note 13)	
...
...								
Note 16	The annual <i>data item</i> to be submitted is additional to the fourth quarterly return to be submitted. The information to be submitted in the annual <i>data item</i> must (except for <i>exempt CAD firms</i> or <i>firms</i> subject to the small firms audit exemption) be audited before it is submitted. [deleted]							
...	...							

16.12.16 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.15R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's* *accounting reference date*, unless indicated otherwise.

Date item	Firm's prudential category				
	<i>BIPRU</i> <i>730K firm</i>	<i>BIPRU</i> <i>125K firm</i>	<i>BIPRU</i> <i>50K firm</i>	Consolidated <i>BIPRU</i> <i>investment</i> <i>firm</i>	<i>Firm</i> other than <i>BIPRU</i> <i>firm</i>
...
Annual reconciliation					Annually
...
FSA029					Quarterly and annually (note 1)
FSA030					Quarterly and annually (note 1)
...
FSA033					Quarterly and annually (note 1)
FSA034					Quarterly

					and annually (note 1)
FSA035					Quarterly and annually (note 1)
FSA036					Quarterly and annually (note 1)
...
Note 1	The annual <i>data item</i> to be submitted is additional to the fourth quarterly return to be submitted. The information to be submitted in the annual <i>data item</i> must (except for <i>exempt CAD firms</i> or <i>firms</i> subject to the small firms audit exemption) be audited before it is submitted. [deleted]				
...	...				

16.12.17 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.16R.

<i>Data item</i>	Monthly submission	Quarterly submission	Half yearly submission	Annual submission
...
Annual reconciliation				80 business days
...
...	...			

16.12.19A R The applicable ~~data items~~ *data items* referred to in SUP 16.12.4R are set out according to type of ~~firm~~ *firm* in the table below:

Description of data item	<i>Firm's</i> prudential category and applicable data item (note 1)				
	<i>IPRU(INV)</i> Chapter 3	<i>IPRU(INV)</i> Chapter 5	<i>IPRU(INV)</i> Chapter 9	<i>IPRU(INV)</i> Chapter 13	<i>UPRU</i>

...
Annual reconciliation	No standard format	No standard format		No standard format (note 2)	
...
...	...				

16.12.20 R The applicable reporting frequencies for submission of *data items* referred to in SUP 16.12.4R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

...	...
FSA029	Quarterly and annually (note 1)
FSA030	Quarterly and annually (note 1)
...	
FSA033	Quarterly and annually (note 1)
FSA034	Quarterly and annually (note 1)
FSA035	Quarterly and annually (note 1)
FSA036	Quarterly and annually (note 1)
...	...
Note 1	The annual <i>data item</i> to be submitted is additional to the fourth quarterly return to be submitted. The information to be submitted in the annual <i>data item</i> must (except for <i>exempt CAD firms</i> or <i>firms</i> subject to the small firms audit exemption) be audited before it is submitted. [deleted]
...	...

16.12.21 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.20R.

<i>Data item</i>	Quarterly submission	Half yearly submission	Annual submission
------------------	----------------------	------------------------	-------------------

...
Annual reconciliation			80 business days
...
...	...		

16.12.25A R The applicable *data items* referred to in SUP 16.12.4R are set out according to type of *firm* in the table below:

Description of data item	<i>Firm's</i> prudential category and applicable data items (note 1)							
	<i>BIPRU firms</i> (note 17)			<i>Firms other than BIPRU firms</i>				
	730K	125K	50K	<i>IPRU(INV)</i> Chapter 3	<i>IPRU(INV)</i> Chapter 5	<i>IPRU(INV)</i> Chapter 9	<i>IPRU(INV)</i> Chapter 13	<i>UPRU</i>
...
Annual reconciliation				No standard format	No standard format		No standard format (note 13)	
...
...	...							

16.12.26 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.25AR are set out according to the type of *firm* in the table below. Reporting frequencies are calculated from a *firm's* *accounting reference date*, unless indicated otherwise.

	<i>BIPRU</i> 730K firm	<i>BIPRU</i> 125K firm	<i>BIPRU</i> 50K firm	Consolidated <i>BIPRU</i> investment firm	<i>Firm other</i> than <i>BIPRU</i> firm
...
Annual reconciliation					Annually
...
FSA029					Quarterly and annually (note 1)

FSA030					Quarterly and annually (note 1)
...
FSA033					Quarterly and annually (note 1)
FSA034					Quarterly and annually (note 1)
FSA035					Quarterly and annually (note 1)
FSA036					Quarterly and annually (note 1)
...
Note 1	The annual <i>data item</i> to be submitted is additional to the fourth quarterly return to be submitted. The information to be submitted in the annual <i>data item</i> must (except for <i>exempt CAD firms</i> or <i>firms subject to the small firms audit exemption</i>) be audited before it is submitted. [deleted]				
...	...				

16.12.27 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.26R.

<i>Data item</i>	Monthly submission	Quarterly submission	Half yearly submission	Annual submission
...
Annual reconciliation				80 <i>business days</i>

...
...	...			

SUP 16 TP 1.2 Row 12Q

(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
...						
(5)	SUP 16.12.11R, SUP 16.12.14R, SUP 16.12.19 R, SUP 16.12.25 R	R	(1)	A <i>securities and futures firm</i> that is:	1 January 2008 to 30 August 2008	1 January 2008
			(a)	not a <i>BIPRU firm</i> , an <i>exempt CAD firm</i> or an <i>exempt BIPRU commodity firm</i> must submit the annual reporting statement, the annual reconciliation and the quarterly reporting statement in the manner and to the timescales set out in SUP 16.7.27R, and SUP 16.7.31R to SUP 16.7.34G;		
...						
		(2)	except in the case of an <i>investment management firm</i> that is not a <i>BIPRU firm</i> , is not an <i>exempt CAD firm</i> and is authorised by the <i>FSA</i> after 5 April 2007, an <i>investment management firm</i> that is:			
		(a)	neither a <i>BIPRU firm</i> nor an <i>exempt CAD firm</i> must submit the annual reporting statement and the quarterly financial return in the manner and to the timescales set out in SUP 16.7.36R to SUP 16.7.38R;			
...						
		(3)	A <i>UCITS firm</i> :			
		(a)	other than an <i>exempt CAD firm</i> must submit the			

(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
				Annual Financial Return and the Quarterly Financial Return in the manner and to the timescales set out in <i>SUP</i> 16.7.68R and <i>SUP</i> 16.7.69R;		
				...		