

**SUPERVISION MANUAL (RETAIL MEDIATION ACTIVITIES RETURN)  
(AMENDMENT) INSTRUMENT 2009**

**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 6 December 2009.

**Amendments to the Handbook**

- D. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Supervision Manual (Retail Mediation Activities Return) (Amendment) Instrument 2009.

By order of the Board  
5 November 2009

## Annex

### Amendments to the Supervision manual (SUP)

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

#### 16 Annex 18BG      **Notes for completion of the Retail Mediation Activities Return ('RMAR')**

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#### **NOTES FOR COMPLETION OF THE RMAR**

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#### **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.

This section requires *firms* to confirm that they are in compliance with the prudential requirements in relation to professional indemnity insurance (PII).

Data is required in relation to all PII policies that a *firm* has in place, up to a limit of ten (the system will prompt you to submit data on all applicable policies). If a *firm* has more than ten policies, it should report only on the ten largest policies by premium.

**Note on the scope of Section E:** *retail investment firms* that fall within the scope of these data requirements, but do not meet the definition of *personal investment firm*, i.e. are not subject to *IPRU(INV)* 13, will **not** be subject to this section.

The PII requirements for *authorised professional firms* ('APFs') that carry on *retail investment activities* are set out in *IPRU(INV)* 2.3. APFs that carry on *home finance mediation activity* or *insurance mediation activity* are subject to the full requirements of *MIPRU* 3.

*Firms* which are subject to the requirements in both ~~*PRU*~~ and *IPRU* and *MIPRU* must apply the PII rules outlined in *IPRU(INV)* ~~13.1.4(1)~~ 13, not *MIPRU* 3.

## Section E: guide for completion of individual fields

*(Note to readers: the order of some of the rows of information has changed. These changes of order are not identified below.)*

### Part 1

Does your firm hold a comparable guarantee or equivalent cover in lieu of PII, or is it otherwise exempt from <del>any</del> holding PII in respect of any regulated activities (tick as appropriate)?	<p>This question will establish whether a <i>firm</i> is exempt from the requirements and so is not required to hold PII.</p> <p>The conditions for comparable guarantees and exemptions from the PII requirements for <i>firms</i> carrying on <b>insurance</b> or <b>home finance mediation</b> are set out in <i>MIPRU</i> 3.1.1R paragraphs (3) to (6).</p> <p><b>Personal investment firms</b> can only be exempted by individual waiver granted by the <i>FSA</i> (unless <i>IPRU(INV)</i> <del>13.1.5R</del> <u>13.1.7R</u> applies in respect of comparable guarantees).</p> <p>...</p>
If the firm does not hold a comparable guarantee or equivalent cover and is not exempt, does the firm currently hold PII?	...
Has the firm renewed its PII cover since the last reporting date?	<p>This question will ensure that a <i>firm</i> does not fill in <del>PII basic and detailed information</del> <u>Part 2 of the PII section of the RMAR</u> each time it reports, if the information only changes annually.</p> <p>If the <i>firm</i> is reporting for the first time, you should enter 'yes' here and complete the data fields.</p> <p>You should only enter 'n/a' if the <i>firm</i> is exempt from the PII requirements for all the <i>regulated activities</i> forming part of the RMAR.</p>

### Part 2

At this point, if the *firm* has PII policy details to report, it should do so by clicking on the 'add PII policy' button in the summary screen. This will then prompt you to name the sub-section, e.g. 'policy1'. You may also add further sub-sections if the *firm* has two or more policies (up to a maximum of ten). You may enter one policy per line in the PII basic information table (up to a maximum of ten) and policy excess and exclusions in the PII detailed information table (up to a maximum of ten per policy).

#### PII Basic information

<del>Activities</del> What activities are covered by the policy(ies)?	You should indicate which <i>regulated activities</i> are covered by the <i>firm</i> 's PII policy or policies.
If your policy excludes all business activities carried on prior to a particular date (i.e. a retroactive start date), then insert the date here, if not please insert 'n/a'	<p>Required terms of PII are set <del>out</del> <u>out</u> for <i>personal investment firms</i> in <i>IPRU(INV)</i> <del>13.1.4</del> <u>13.1.5R</u> and for <i>mortgage intermediaries</i> and <del>general insurance intermediaries</del> in <del>PRU</del> <u>9.2.10 MIPRU 3.2.4R</u>.</p> <p>...</p>
Annualised premium	This should be the annual premium that is paid by the <i>firm</i> , net of tax and any other add-ons.

<p>Limit of indemnity received <u>Indemnity</u></p>	<p>You should record here the indemnity limits on the <i>firm's</i> PII policy or policies, both in relation to single claims and in aggregate.</p> <p>Those <i>firms</i> subject to <i>Insurance Mediation Directive (IMD)</i> requirements should state their limit in Euros; those that are not subject to the <i>IMD</i> should select 'Sterling' from the drop-down list.</p> <p><i>Insurance intermediaries</i>, see <i>MIPRU 3.2.7R</i> and select either 'Euros' or 'Sterling' as applicable.</p> <p><i>Home finance intermediaries</i> should state their limits in Sterling (see <i>MIPRU 3.2.9R</i>).</p> <p>For <i>personal investment firms</i>, see <i>IPRU(INV) 13.1.4(2)R</i> <del>13.1.9R</del> and <del>13.1.4(5)E</del> <u>13.1.13R</u> and select either 'Euros' or 'Sterling' as applicable.</p> <p>If the <i>firm</i> is subject to more than one of the above limits (because of the scope of its <i>regulated activities</i>), and has one PII policy for all of its <i>regulated activities</i>, the different limits should be reflected in the policy documentation. If there is more than one limit, only the highest needs to be recorded in this field.</p>
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PII detailed information

<p>Business line</p>	<p><del>Business lines for policy excesses should only be selected for FSA regulated business that you have undertaken in the past or will undertake during the period covered by the policy.</del></p> <p><del>Each such business line that has a policy excess should be selected from the drop-down list.</del></p> <p><del>If the <i>firm</i> has only one excess for all business lines, then you should select 'All'.</del></p> <p><del>If the <i>firm</i> has a policy excess for one specific business line (e.g. Endowments), it should select it from the drop-down list, and in the line beneath select 'All other' for the <i>firm's</i> remaining business lines.</del></p> <p><del>If the <i>firm</i> has a policy excess for a business line that is not in the drop-down list, then the most relevant 'other' should be selected.</del></p>
<p>Policy excess</p>	<p>For <i>insurance intermediaries</i> and <i>home finance intermediaries</i>, see <i>MIPRU 3.2.10-14R</i>.</p> <p>For <i>personal investment firms</i>, see <i>IPRU(INV) 13.1.4E</i> <u>13.1.25R</u>.</p> <p><del>The amount of the excess relating to the business line selected should be entered here. If the policy has more than ten excesses, you should report only on the ten largest by excess.</del></p>
<p><u>Increased excess(es) for specific business types (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)</u></p>	<p><u>If the prescribed excess limit is exceeded for a type or types of business, the type(s) of business to which the increased excess applies and the amount(s) of the increased excess should be stated here</u></p> <p><u>(Some typical business types include pensions, endowments, FSAVCs, splits/zeros, precipice bonds, income drawdown,</u></p>

	<u>lifetime mortgages, discretionary management.)</u>
Policy <del>exclusions</del> <u>exclusion(s)</u> for <del>specific business types</del> (only in relation to <del>business exclusions</del> you have <u>had in the past undertaken in the past</u> or will <del>undertake</del> <u>have</u> during the period covered by the policy)	<p>Select from the <del>drop-down list</del> <u>If there are any exclusions in the firm's PII policy which relate to any types of businesses or activities that the firm has carried out either in the past or during the lifetime of the policy, enter the business type(s) to which the exclusions relate here.</u></p> <p><u>(Some typical business types include pensions, endowments, FSAVCs, splits/zeroes, precipice bonds, income drawdown, lifetime mortgages, discretionary management.)</u></p> <p><u>If the firm has a policy exclusion for a business line that is not in the drop-down list, then the most relevant 'other' should be selected.</u></p>
Start <del>date</del> <u>Date</u>	The date the current cover began.
End <del>date</del> <u>Date</u>	The date the current cover expires
Insurer name (please select from the drop-down list)	<p>The <i>firm</i> should select the name of the <i>insurance undertaking</i> or Lloyd's syndicate providing cover. If the PII provider is not listed you should select '<del>Multiple/Other</del>' <u>'other'</u> and enter the name of the <i>insurance undertaking</i> or Lloyd's syndicate providing cover in the free-text box.</p> <p><u>If a policy is underwritten by more than one <i>insurance undertaking</i> or Lloyd's syndicate, you should select 'multiple' and state the names of all the <i>insurance undertakings</i> or Lloyd's syndicates in the free-text box.</u></p>
Annual income as stated on the most recent proposal form	This should be the income as stated on the <i>firm's</i> most recent PII proposal form. For a <i>personal investment firm</i> , this is relevant income arising from all of the <i>firm's</i> activities for the last accounting year before the policy began or was renewed ( <del>IPRU(INV) 4.3.13(3)R</del> <u>13.1.8R</u> ). For <i>insurance intermediaries</i> and <i>mortgage intermediaries</i> this is the annual income given in the <i>firm's</i> most recent annual financial statement from the relevant <i>regulated activity</i> or activities ( <del>MIPRU 4.3.1R to 4.3.3R</del> ).
Amount of additional capital required for increased excess(es) (where applicable, total amount for all PII policies)	This should be calculated using the tables in <del>IPRU(INV) 4.3.14(12)E</del> <u>13.119R</u> or <del>MIPRU 3.2.14 -16R</del> <u>to 3.2.16R</u> as applicable. The total of additional capital (i.e. in relation to all of the <i>firm's</i> PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional own funds for PII' in section D1.
<del>Total amount</del> <u>Amount</u> of additional <del>own funds</del> <u>capital resources</u> required for policy exclusion(s)	<i>Personal investment firms</i> only - this should be calculated in line with <del>IPRU(INV) 4.3.14(13)R</del> <u>13.1.23R</u> . The total of additional <del>own funds</del> <u>capital resources</u> (i.e. in relation to all of the <i>firm's</i> PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional <del>own funds</del> <u>capital resources</u> for PII' in section D1.
Total of additional <del>own funds</del> <u>capital resources</u> required	<i>Personal investment firms</i> only – this is the same figure as in section D1, representing the total of additional <del>own funds</del> <u>capital resources</u> required under <del>IPRU(INV) 4.3.14(8)R</del> <u>13.1.23R</u> to <del>4.3.14(13)G</del> <u>13.1.27R</u> for all of the <i>firm's</i> PII policies.
Total of readily realisable <del>own funds</del> <u>capital resources</u>	<i>Personal investment firms</i> only - you should state here the total of the own funds reported in section D <del>that are classed as 'readily realisable' under the terms of</del> <u>IPRU(INV) 4.3.14(4)R</u> .

Excess/deficit of readily realisable own funds	<p>In this field, enter the result of the 'total of additional own funds required' less the 'total of readily realisable own funds'.</p> <p><u>This field is no longer relevant.</u></p>
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