INTEGRATED REGULATORY REPORTING (AMENDMENT NO 13)
INSTRUMENT 2012

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 27 April 2012.

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 Integrated Regulatory Reporting (Amendment No 13) Instrument 2012.

By order of the Board
26 April 2012
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’)

... 

Introduction: general notes on the RMAR

1. These notes aim to assist firms in completing and submitting the relevant sections of the Retail Mediation Activities Return (‘RMAR’).

2. The purpose of the RMAR is to provide a framework for the collection of information required by the FSA as a basis for its supervision activities. It also has the purpose set out in paragraph 16.7.3G of the Supervision Manual, i.e. to help the FSA to monitor firms’ capital adequacy and financial soundness.

... 

Scope

6. The following firms are required to complete the sections of the RMAR applicable to the activities they undertake as set out in SUP 16.12:

... 

Application of RMAR sections

7. Firms conducting home finance providing activity or administering a home finance transaction (including those that carry on an activity that is treated as arranging in COBS – see MCOB 1.2.12) that also conduct the above activities are required to complete the RMAR in addition to other data requirements. [deleted]

8. 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 home finance providing activity or administering a home finance transaction 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. [deleted]

... 

Accounting Principles

15. The following principles should be adhered to by firms in the submission of financial information (sections A to E).
(c) (i) With the exception of section J, and sections K and L from 31 December 2012, all amounts should be shown in pounds sterling one of the reporting currencies accepted by the GABRIEL system, unless otherwise specified in the Handbook (e.g. in MIPRU 3.2.7R). Section J, and sections K and L from 31 December 2012, must be completed in pounds sterling.

(ii) A firm should translate assets and liabilities denominated in other currencies into pounds sterling the chosen reporting currency using the closing mid-market rate of exchange.

Section B: Profit & Loss Account

Firms that receive combined income in relation to both regulated and non-regulated activities (for example mortgage packagers) may have difficulties in separately identifying their regulated income from their non-regulated income. If this is the case, firms should, (a) in the first instance, ask the provider of the income for an indication of the regulated/non-regulated split; and (b) if this is not available, make an estimate of the income derived from each activity.

Section C: Client Money and assets

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

‘Client money’ is defined in the Glossary. In broad terms, client money includes money that belongs to a client, and is held by a firm in the course of carrying on regulated activities, for which the firm has responsibility for its protection. It does not include deposits (where the firm acts as deposit-taker).

The client money rules define further what is and is not client money, and set out requirements on firms for the proper handling of and accounting for client money. If a firm fails, there is a greater direct risk to consumers, and a greater adverse impact on market confidence, if it is a holder of client money.

Note 1: firms that only carry on home finance mediation activity or reinsurance mediation insurance mediation activity in respect of reinsurance contracts are exempt from the client money rules, and are not therefore required to complete this section of the RMAR (unless, in the case of reinsurance mediation, the firm has made an election under CASS 5.1.1R(3)(a)). However, a firm may make an election under CASS 5.1R(3) to comply with CASS 5.1 to CASS 5.6 in respect of client money it receives in the course of carrying on insurance mediation activity in relation to reinsurance contracts. Where a firm has made such an election it should also complete this section of the RMAR.

Note 2: an authorised professional firms firm regulated by The Law Society (of England and Wales), The Law Society of Scotland or The Law Society of Northern Ireland must comply with the rules of their its designated professional body as specified in CASS 5.1.4R, and if
they do it does so, they it will be deemed to comply with the relevant sections of CASS 5.2 to CASS 5.6. These firms are not therefore required to complete this section of the RMAR.

**Note 3:** firms should complete all applicable fields.

### Section C: guide for completion of individual fields

<table>
<thead>
<tr>
<th>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?</th>
<th>SUP 3.10 sets out the requirement for auditors to report annually on the firm’s systems and controls in relation to client money or custody assets. Auditors and firms are required to report significant issues to the FSA (see SUP 3.8.10G and SUP15.3). Therefore, if you answer ‘yes’ here, you should ensure that the relevant issues are notified to us.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk transfer</td>
<td>See CASS 5.2 – holding money as agent of insurance undertaking</td>
</tr>
<tr>
<td>Statutory Trust</td>
<td>See CASS 4.2 and 5.3 and CASS 7.7</td>
</tr>
<tr>
<td>Non-statutory Trust</td>
<td>See CASS 5.4</td>
</tr>
<tr>
<td>Client money credit total as at reporting Date</td>
<td>This should be the total of credits on the firm’s client money account(s) as at the current date of return. These should be taken from the firm’s ledgers.</td>
</tr>
<tr>
<td>Client money debit total as at reporting date</td>
<td>This should be the total of any debits on the firm’s client money account(s) as at the current date of return. These should be taken from the firm’s ledgers.</td>
</tr>
<tr>
<td>Net client money balance as at reporting Date</td>
<td>This should be the aggregate balance on the firm’s client money account(s).</td>
</tr>
<tr>
<td>If non-statutory, has auditor’s confirmation of systems and controls been obtained?</td>
<td>This refers to the requirement in CASS 5.4.4R(2) that the firm should must obtain and keep current, written confirmation from its auditor that the firm has adequate systems and controls are in place to meet the requirements under CASS 5.4.4R(1).</td>
</tr>
<tr>
<td>Is any client money invested (other than on deposit)?</td>
<td>You should indicate ‘yes’ here if the firm has invested any client money other than in a bank account. See CASS 5.5.14R. (Note: this is only permitted for client money that is held in a non-statutory trust.)</td>
</tr>
<tr>
<td>Does the firm hold any client assets (other than client money)?</td>
<td>If the firm holds client assets and is subject to the requirements of either CASS 2 or CASS 5.8 or CASS 6, state ‘yes’ here.</td>
</tr>
</tbody>
</table>

### Section E: Professional Indemnity Insurance

### 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).

### Section F: the threshold conditions
Sub-heading: close links

This section relates to threshold condition 3. Firms should consult COND 2.3, as well as Chapter 11 of the Supervision Manual (‘SUP’).

This section of the return replaces the close links annual reporting requirement in SUP 16.5.4R, which does not now apply to those firms subject only to the RMAR for the purposes of regulatory reporting. Moreover, the existing exemptions for certain other firms from the existing reporting requirements in SUP 16.5.1G are retained.

Sole traders and firms which have permission to carry on retail investment activities only, or firms which have permission to carry on only one, or only both of:

- insurance mediation activity; or
- home finance activity;

and are not subject to the requirements of SUP 16.4 or SUP 16.5 (requirement to submit annual controllers report; or annual close links reports), will submit these reports in RMAR section F instead.

Sub-heading: controllers

A UK domestic firm other than a UK insurance intermediary must notify the FSA of any of the following events concerning the firm:

(3) an existing controller increasing or decreasing a kind of control which he already has so that the percentage of shares or voting power concerned becomes or ceases to be equal to or greater than 20%, 33 1/3% or 50%;

Section G: Training & Competence (‘T&C’)

Our approach to training and competence is set out in the Training & Competence Sourcebook (‘TC’). There are two parts to the Sourcebook:

Chapter 1 (the Commitments) consists of guidance that applies to those firms indicated in TC 1.1.6G (which includes all firms with a Part IV permission). It states that the firm’s commitments to training and competence should be that employees are competent and remain competent for the work that they do, that they are appropriately supervised, that their competence is regularly reviewed, and that the level of competence is appropriate to the nature of the business.

Chapter 2 (specific requirements for particular activities)—for those firms indicated in TC 2.1.1R who are involved in specified activities, such as advising on investments or on home finance transactions (see, generally, TC 2.1.4R), we have set additional training and
competence requirements over and above the Commitments. These extra requirements cover recruitment, training, attaining competence, (in some cases this includes a requirement for individuals to pass an examination), maintaining competence, and the supervision of individuals.

It should be noted that Chapter 2 only applies in relation to advising on non-investment insurance contracts where this activity is carried on with or for retail customers.

Section G: guide for completion of individual fields

<table>
<thead>
<tr>
<th>Number of staff that supervise others to give advice</th>
<th>Note the requirements in the Training &amp; Competence Sourcebook (TC 2.4, 2.6 and 2.7 TC 2.1.2R, TC 2.1.3G, TC 2.1.4G and TC 2.1.5R) for employees to be appropriately supervised, and also the competencies that are required for those who supervise others. If any of these staff carries out supervisory activities in relation to more than one business type, they should be counted in each applicable field. The ‘total’ in the right hand column field should be the actual number of applicable employees, however, rather than a total of the three columns.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of advisers that have been assessed as competent</td>
<td>This is a subset of the total of ‘number of staff that give advice’ above. See TC 2.1.4R Appendix 1.1R for the detailed training &amp; competence requirements relating to individual activities. If staff are competent in relation to more than one business type, they should be counted in each applicable field. The ‘total’ in the right hand column field should be the actual number of applicable employees, however, rather than a total of the three columns.</td>
</tr>
<tr>
<td>Number of advisers that have passed appropriate examinations</td>
<td>This is a subset of the total in ‘number of staff that give advice’ above. In the case of certain activities, TC 2 imposes requirements on firms in relation to their employees and passing examinations. See, for example, requirements relating to employees engaged in advising a customer on a regulated mortgage contract for a non-business purpose (TC Appendix 1.1.1(20)), and requirements relating to employees engaged in advising on investments which are packaged products (TC appendix 1.1.1(4)). The relevant activities to which TC applies and require employees to obtain appropriate qualifications can be found in TC Appendix 1. Then appropriate qualifications for these activities can be found in TC Appendix 4E. If staff have qualifications in relation to more than one business type, they should be counted in each applicable field. The ‘total’ in the right hand column field should be the actual number of applicable employees, however, rather than a total</td>
</tr>
</tbody>
</table>
On the basis of a fair analysis of the market, a firm gives recommendations on a fair analysis of the market when it has considered a sufficiently large number of providers in the relevant sector(s) of contracts of insurance available on the market (ICOB 4.2.11R ICOBS 5.3.3R).

Section H: guide for completion of individual fields

| Do you give independent advice? | You should state 'yes' if the firm gives advice on regulated products or services that is independent of product providers or marketing groups. |

Section I: guide for completion of individual fields

<table>
<thead>
<tr>
<th>(ii) non-investment insurance chains</th>
<th>You should state here the total of premiums payable by retail customers during the reporting period in relation to non-investment insurance products.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total non-investment insurance premium derived from retail customers</td>
<td>You should indicate in column C for each product in which transactions have been passed up a chain.</td>
</tr>
<tr>
<td>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 (see notes above)</td>
<td>If this business is significant (see definition above) for one or more product types, this should be indicated in column D.</td>
</tr>
<tr>
<td>Please also indicate in column E where the firm has dealt directly with the retail customer within the chain</td>
<td>Firms should also indicate in column E the product types for which they transact business in a chain, but directly with the customer.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(iii) dealing as agent</th>
<th>You should state here the number of sales during the reporting period where the firm dealt as agent of a product provider (i.e. with delegated authority).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of sales to retail customers during the reporting period where the firm dealt as agent</td>
<td>You should state here the total value of premiums payable by retail customers during the reporting period, whether annual or one-off, where the firm dealt as agent of a product provider (i.e. with delegated authority).</td>
</tr>
<tr>
<td>Premium paid by retail customers during the reporting period where the firm dealt as agent</td>
<td>You should indicate in column E for each product in which the firm has dealt as agent, and also in column G for each product type where this business is significant.</td>
</tr>
<tr>
<td>Of the total of these sales, please indicate in column E the products where the firm dealt as agent, and in column G where this business is significant (see notes above)</td>
<td></td>
</tr>
</tbody>
</table>
section J: data required for calculation of fees

<table>
<thead>
<tr>
<th>Data for fees calculations</th>
<th>Firms will need to report data for the purpose of calculating FSA, FOS and FSCS levies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSA</td>
<td>The relevant information required is the tariff data set out in FEES 4 Annex 1R Part 2 under fee blocks A.12, A.13, A.18 and A.19 and, in respect of fee-blocks A.12 and A.13, the tariff data set out under the definition of “annual income” in Section J of SUP 16 Annex 18AR as read together with the guidance on calculating and apportioning annual income below. Note that firms are required to report tariff data information relating to all business falling within fee blocks A.12/A.13/A.18/A.19 and not simply that relating to retail investments.</td>
</tr>
<tr>
<td>FOS</td>
<td>The relevant information required is the tariff data set out in FEES 5 Annex 1R industry blocks 8/9, 16 and 17 and, in respect of industry blocks 16 and 17, the tariff data set out under the definition of “annual income” in Section J of SUP 16 Annex 18AR as read together with the guidance on calculating and apportioning annual income below. Note that firms are required to report tariff data information relating to all business falling within industry blocks 8/9, 16 and 17.</td>
</tr>
<tr>
<td>FSCS</td>
<td>The relevant information required is the tariff data set out in sub-classes B2, C2, D2, and E2, FEES 6 Annex 3R. Note that firms are required to report tariff data information relating to all business falling within sub-classes B2, C2, D2 and E2, FEES 6 Annex 3R and not simply that relating to retail investments.</td>
</tr>
</tbody>
</table>

For reporting dates after end February 2008, firms should report the information in their year end RMAR. Firms which do not yet have data for a full 12 months ending on their accounting reference date (for example if they have not traded for a complete financial year by the time of the accounting reference date) should complete Section J with an 'annualised' figure based on the actual income up to their accounting reference date. That is, such firms should pro-rate the actual figure as if the firm had been trading for 12 months up to the accounting reference date. So for a firm with 2 months of actual income of £5000 as at its accounting reference date, the 'annualised' figure that the firm should report is £30,000.
16 Annex 24R Data items for SUP 16.12

FSA018 UK Integrated Groups – large exposures

Exposures at the reporting date to the diverse blocks and residual block

A

1 Identify the Integrated Group
   [deleted]

...

FSA028 Non-EEA sub-groups

27 Do you have a non-EEA sub-group which you are reporting on behalf of? Yes/No

If the answer to 27A above is "No", then you do not have to complete any more of this data item, but it still needs to be submitted to the FSA.

1 Is your non-EEA sub-group reporting requirement satisfied by a UK consolidated reporting requirement FSA003/FSA009? 

If the answer to 1A is ‘Yes’, you do not have to complete the rest of this data item.

2 Is your non-EEA sub-group reporting requirement satisfied by a UK consolidation group FSA003/FSA009? 

3 If the answer to 2A is ‘Yes’, what is the reference number of the UK consolidation group? 

...

...
FSA 2012/23

16 Annex 25G  Guidance notes for data items in SUP 16 Annex 24R

FSA003 – Capital Adequacy validations

Internal validations

<table>
<thead>
<tr>
<th>Validation number</th>
<th>Data element</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>122</td>
<td>144A</td>
<td>108A = 0 then 144A = 0, else 144A = 15A - 108A - 142A</td>
</tr>
<tr>
<td>123</td>
<td>145A</td>
<td>109A = 0 then 145A = 0, else 145A = 57A - 109A – 142A</td>
</tr>
</tbody>
</table>

FSA004 – Credit risk

Column F

Firms should report here any other credit valuation adjustments for the given exposure class fair value adjustments which do not relate to impairments. An example is: if a firm makes an acquisition, then the firm must make a fair value adjustment for the acquired entity. The fair value adjustment is triggered by the acquired firm’s assets being valued at current fair value as a result of the acquisition. The acquired assets can be any type of asset where held on an amortised cost accounting basis.

FSA004 – Credit risk validations

Internal validations

<table>
<thead>
<tr>
<th>Validation number</th>
<th>Data element</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>22A + 39A</td>
<td>[deleted]</td>
</tr>
<tr>
<td>25</td>
<td>22B + 39B</td>
<td>[deleted]</td>
</tr>
<tr>
<td>26</td>
<td>22C + 39C</td>
<td>[deleted]</td>
</tr>
<tr>
<td>27</td>
<td>22D + 39D</td>
<td>[deleted]</td>
</tr>
<tr>
<td>28</td>
<td>22E + 39E</td>
<td>[deleted]</td>
</tr>
<tr>
<td>29</td>
<td>22F + 39F</td>
<td>[deleted]</td>
</tr>
<tr>
<td>38</td>
<td>32A + 40A</td>
<td>[deleted]</td>
</tr>
<tr>
<td>39</td>
<td>32B + 40B</td>
<td>[deleted]</td>
</tr>
<tr>
<td>40</td>
<td>32C + 40C</td>
<td>[deleted]</td>
</tr>
<tr>
<td>41</td>
<td>32D + 40D</td>
<td>[deleted]</td>
</tr>
</tbody>
</table>
FSA018 UK Integrated Groups – large exposures
...

General

1 Identify the UK integrated group

[To follow] [deleted]
...

FSA028 – Non-EEA sub-groups
...

1A Is your non-EEA sub-group reporting requirement satisfied by your solo-consolidated FSA003/FSA009?

The diagrams in BIPRU 8 Annex 3G, in conjunction with BIPRU 8.3, should assist firms in identifying those circumstances when a non-EEA sub-group exists and when a solo-consolidated FSA003 or FSA009 will satisfy the reporting requirement. Firms should answer Yes or No. Firms answering Yes do not need to complete the rest of the data elements.

2A Is your non-EEA sub-group reporting requirement satisfied by your UK consolidation group FSA003/FSA009?

The diagrams in BIPRU 8 Annex 3G, in conjunction with BIPRU 8.3, should assist firms in identifying those circumstances when a UK consolidation group exists and when a UK consolidation group FSA003 or FSA009 will satisfy the reporting requirement. Firms should answer Yes or No. Firms answering Yes should complete 3A, and then do not need to complete the rest of the data elements.

3A If the answer to 2A is ‘Yes’, what is the reference number of the UK consolidation group

Firms should enter the reference number used for the submission of the UK consolidation group FSA003/FSA009. [deleted]
...

FSA038 – Volumes and Type of Business
...

Delegation and extent of delegation
...

<table>
<thead>
<tr>
<th>42</th>
<th>31E</th>
<th>≥</th>
<th>32E + 40E [deleted]</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td>31F</td>
<td>≥</td>
<td>32F + 40F [deleted]</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(c) Funds under management should include the value of those parts of the managed portfolios in respect of which the responsibility for the discretionary management has been formally delegated to the firm (including delegations from non FSA regulated and non-UK firms).

...

Value of derivatives

The value of derivative instruments and other assets is calculated as the fair value (i.e. on a mark-to-market basis). This is not the exposure value. If the firm is managing an overlay portfolio where the firm does not manage the underlying assets, the firm should report the combined fair value of the overlay and the underlying investment portfolio.

...