

## HANDBOOK ADMINISTRATION (NO 34) INSTRUMENT 2014

### Powers exercised by the Financial Ombudsman Service Limited

- A. The Financial Ombudsman Service Limited makes the guidance and varies the standard terms in Annex F (DISP) to this instrument for Voluntary Jurisdiction participants in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 227 (Voluntary jurisdiction); and
  - (2) paragraphs 8 (Guidance), 18 (Terms of reference to the scheme) and 22 (Consultation) of Schedule 17 (The Ombudsman Scheme).
- B. The making of the changes in Annex F by the Financial Ombudsman Service Limited is subject to the consent and approval of the Financial Conduct Authority.

### Powers exercised by the Financial Conduct Authority

- C. The Financial Conduct Authority makes this instrument in the exercise of the powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- D. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Financial Services and Markets Act 2000.
- E. The Financial Conduct Authority consents to the changes in Annex F to this instrument being made by the Financial Ombudsman Service Limited.

### Commencement

- F. This instrument comes into force as follows:
- (1) Part 2 of Annex F (DISP) comes into force on 22 July 2014;
  - (2) Part 1 of Annex D (CASS) comes into force on 1 December 2014;
  - (3) Part 2 of Annex A (Glossary) and Part 2 of Annex D (CASS) come into force on 1 June 2015; and
  - (4) the remainder of this instrument comes into force on 1 July 2014.

### Amendments to the FCA Handbook

- G. The modules of the FCA’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
Fees manual (FEES)	Annex B
Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)	Annex C

Client Assets sourcebook (CASS)	Annex D
Supervision manual (SUP)	Annex E
Dispute Resolution: Complaints sourcebook (DISP)	Annex F
Consumer Credit sourcebook (CONC)	Annex G
Investment Funds sourcebook (FUND)	Annex H

### **Amendments to the material outside the Handbook**

- H. The Perimeter Guidance manual (PERG) is amended in accordance with Annex I to this instrument.

### **Notes**

- I. In the Annexes to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

### **Citation**

- J. This instrument may be cited as the Handbook Administration (No 34) Instrument 2014.

By order of the Board of the Financial Ombudsman Service  
23 June 2014

By order of the Board of the Financial Conduct Authority  
26 June 2014

## Annex A

### Amendments to the Glossary of definitions

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

#### Part 1: Comes into force on 1 July 2014

- trading day*
- (1) ...
  - (2) ~~other than in (1) or (3), a day included in the calendar of trading days published by the appropriate regulator at [web address tbc] [deleted]~~
  - (3) ...

#### Part 2: Comes into force on 1 June 2015

*standard ~~method~~ methods of ...*  
*internal client money*  
*reconciliation*

**Annex B**

**Amendments to the Fees manual (FEES)**

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

[*Editor's Note:* The changes to FEES 3 Annex 1R and FEES 4 Annex 13G, Table 2, row (7), and the reinstatement of FEES 3 Annex 7R, confirm changes which have already been made administratively.]

**3 Annex Authorisation fees payable  
1R**

...

Part 3 – Complexity Groupings relating to *credit-related regulated activity*

...

Moderately complex cases	
Activity grouping	Description
CC 2	... <i>Exercising, or having the <del>rights</del> right to exercise, the owner's rights and duties under a regulated consumer hire agreement</i> ...

...

...

**3 Annex Fees where changes are made to firms' transaction reporting systems and the  
7R FCA is asked to check that these systems remain compatible with FCA systems**

<u>Hourly rate (£)</u>	<u>Method of calculating fee</u>
<u>68.09</u>	<p><u>The fee is calculated as follows:</u></p> <p><u>(1) Determine the number of hours, or part of an hour, taken by the FCA (or any person acting on behalf of the FCA) to test the fee payer's transaction reporting systems for compatibility with the relevant FCA systems.</u></p> <p><u>(2) Then multiply the figure in the first column by the number of hours or part hours obtained under (1). The resulting figure is the fee.</u></p> <p><u>(3) The number of hours or part hours referred to in (1) shall be the</u></p>

	<u>number of hours or part hours as recorded on the FCA's systems.</u>
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...

**4 Annex 11AR Definition of annual income for the purposes of calculating fees in fee-blocks A.13, A.14, A.18 and A.19**

Annual income definition
<p>...</p> <p><b>Where the relevant fee-block is A.19</b></p> <p>For the purposes of calculating annual income for fee-block A.19, also include the following:</p> <p>...</p> <p>(h) if the <i>firm</i> is an <i>insurer</i> in relation to the activities in (a), the amount of <i>premiums</i> receivable on its <i>contracts of insurance</i> multiplied by <del>0.7</del> <u>0.07</u>, excluding those <i>contracts of insurance</i> which:</p> <p>...</p>

...

**4 Annex 13G Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3**

...

Table 2

...

...	
Inclusions	
(7)	Annual income should include:
	...
(b)	income received in relation to the provision of current account overdrafts interest charges, arrangement fees and <del>charges of credit cards by merchants</del> <u>credit cards charges</u> ;
(e)	<del>interchange charges for the use of credit cards by merchants</del> ;
<del>(d)</del> (c)	any payment from a <i>parent</i> to facilitate the discounting or forgoing of any amounts that would otherwise be charged in full to a <i>client</i> , to the extent that the payment exceeds the “fair value” price reported in accordance with paragraph (5) above;
(e)	earnings from those who will become its <i>appointed representatives</i>

	<u>(d)</u>	immediately after authorisation; and
	<del>(f)</del> <u>(e)</u>	administrative charges and any interest from income related to its <i>credit-related regulated activity</i> .
...		

...

#### Reporting requirements

- 6.5.13 R (1) Unless exempt under *FEES 6.2.1R* or *FEES 6.2.1AR*, a *participant firm* must provide the *FSCS* by the end of February each year (or, if it has become a *participant firm* part way through the financial year, by the date requested by the *appropriate regulator*) with a statement of:

...

...

## Annex C

### Amendments to the Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)

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

#### 8.2 Scope and basic consolidation requirements for UK consolidation groups

...

Definition of UK consolidation group

...

8.2.6 G ~~*BIPRU 8 Annex 2G* (Examples of how to identify a UK consolidation group) sets out examples of how to identify a *UK consolidation group*.~~  
[deleted]

**Annex D**

**Amendments to the Client Assets sourcebook (CASS)**

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

**Part 1: Comes into force on 1 December 2014**

6.2.14 R ...

(1) ...

(b) The *firm* must ensure that an unconditional undertaking in the terms set out in (1)(a) is made by a member of its *group* and there is suitable information available for relevant *clients* to identify the member of the *group* granting the undertaking.

(2) Any undertaking under this *rule* must be:

(a) authorised by the *firm's governing body* where (1)(a) applies or the *governing body* of the *group* member where ~~(2) (1)(b)~~ applies;

...

(c) retained by the *firm*, and, where ~~(2) (1)(b)~~ applies, by the *group* member, indefinitely.

...

**Transitional Provisions and Schedules**

**TP1 Transitional Provisions**

TP 1.1

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: date in force	Handbook provisions: coming into force
...					
10B	CASS 7.2.8AAR to CASS <del>7.2.8ER</del> <u>7.2.8AER</u>	R	(1) These <i>rules</i> do not apply in respect of a business relationship with a particular <i>client</i> that existed before 1 December	From 1 December 2014 to 1 June 2015	1 December 2014



			<p>2014, unless and until the terms governing the relationship are materially amended on or after that date. <i>Firms</i> must comply with this <i>rule</i> in respect of any such relationship that is entered into on or after 1 December 2014.</p> <p>(2) Where the <i>rules</i> in column (2) are disapplied by (1), CASS 7.2.8R to CASS 7.2.11G will continue to apply as they were in force as at 30 November 2014.</p>		
...					

...

## Schedule 1 Record keeping requirements

Sch 1.3G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
<p><del>CASS 7.2.8ADR</del> <u>CASS 7.2.8AER</u></p>	<p><i>Client's</i> agreement to <i>firm's</i> use of exemption in CASS 7.2.8R</p>	<p><i>Client's</i> written agreement</p>	<p>At the time of <i>client's</i> agreement</p>	<p>During the time the <i>firm</i> makes use or intends to make use of the exemption in CASS 7.2.8R in respect of that <i>client's</i> monies</p>
...				
<p>CASS 7.4.19AR to <del>CASS 7.4.1CR</del> <u>CASS 7.4.19CR</u></p>	<p>Alternative approach <i>alternative approach</i> <i>mandatory prudent segregation record</i></p>	<p>Details of <i>money</i> segregated under CASS 7.4.18BR required by these <i>rules</i></p>	<p>Maintain up to date</p>	<p>Five years (after the <i>firm</i> ceases to retain <i>money</i> as <i>client money</i> under CASS 7.4.18BR)</p>

...				
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**Part 2: Comes into force on 1 June 2015**

7.10.38 R (1) A *trustee firm* to which CASS 7.10.34R applies may elect that:

- (a) the applicable provisions of CASS 7.13 (Segregation of client money) and CASS 7.15 (Records, accounts and reconciliations) under CASS 7.10.34R; and
- (b) ~~and~~ any further provisions it elects to comply with under CASS 7.10.35R(1);

will apply separately and concurrently for each distinct trust that the *trustee firm* acts for.

...

...

7.11.21 R (1) ..

- (a) ...
- (ii) ...

...

7.11.34 R *Money* ceases to be *client money* (having regard to CASS 7.11.40R where applicable) if:

- (9) it is transferred by the *firm* to a *clearing member* in connection with a *regulated clearing arrangement* and the *clearing member* remits payment directly to the *indirect clients* of the *firm* in accordance with ~~CASS 7.11.38R(2)~~ 7.11.37R(2); or

...

...

7.15.11 R If a *firm* draws a cheque, or other payable order, to discharge its fiduciary duty to its *clients* (see CASS 7.11.40R), it must continue to record its obligation to its *clients* until the cheque, or other payable order, is presented and paid by the bank.

...

- 7.15.31 R If any discrepancy is identified by an *external client money reconciliation*, the *firm* must investigate the reason for the discrepancy and take all reasonable steps to ~~correct~~ resolve it without undue delay, ...
- ...
- 7.16.1 G (1) *Firms* are required to carry out an *internal client money reconciliation* each *business day* (CASS 7.15.12R and CASS 7.15.15R). This section sets out methods of reconciliation that are appropriate for these purposes (the ~~standard method~~ methods of internal client money reconciliation).
- ...
- ...
- 7.16.14 G ...
- (2) ...
- (b) The calculation in CASS 7.16.22E permits a *firm* to calculate either one *individual client balance* across all its products and business lines for each *client* or a number of *individual client balances* ~~per~~ for each *client* equal to the number of products or business lines operated by the *firm* ~~for each client in~~ connection with that client (see CASS 7.16.22E(1)).
- ...
- 7.16.16 R Subject to CASS 7.16.25R and CASS 7.16.37R, under this method the *client money requirement* must be calculated by taking the sum of, for all *clients* and across all products and accounts:
- ...
- (3) any amounts that have been segregated as *client money* according to the *firm's* records under any of the following: CASS 7.13.51R(1) (*prudent segregation record*), CASS 7.13.66R (*alternative approach mandatory prudent segregation record*) and/or CASS 7.13.74R (*clearing arrangement mandatory prudent segregation record*).
- ...
- 7.16.19 G ~~A firm which utilises the net negative add back method may:~~
- (1) A firm which utilises the net negative add-back method may calculate its *client money requirement* and *client money resource* on a bank account by bank account basis;
- (2) ~~for~~ For the purposes of CASS 7.16.17R, a *firm* should take into account any amounts that have been segregated as *client money* according to the *firm's* records under either or both CASS 7.13.50R

(*prudent segregation record*) and CASS 7.13.66R (*alternative approach mandatory prudent segregation record*).

...

- 7.16.22 E (1) A *firm* may calculate either:
- (a) one *individual client balance* for each ~~of its *clients*~~ *client*, based on the total of the *firm's* holdings for each that client; or
  - (b) a number of *individual client balances* ~~per~~ for each *client*, equal to the number of products or business lines the *firm* operates for each that *client* and each balance based on the total of the *firm's* holdings for that *client* in respect of the particular product or business line.

...

- (4) Compliance with (1), (2), and (3) ~~and (4)~~ may be relied on as tending to establish compliance with CASS 7.16.21R.

...

- 7.16.24 G If a *firm* calculates each *individual client balance* on a product-by-product or business line-by-business line basis under CASS 7.16.22E(1)(b), the result should be that the *firm* does not net *client* positions across all products and accounts.

...

- 7.16.27 G (1) In accordance with CASS 7.16.25R(5), where a *firm* has allowed another *person* to hold *client money* in connection with a *client's non-margined transaction* (eg, in a *client transaction account* under CASS 7.14 (Client money held by a third party)), ...

...

...

- 7.16.36 R A *firm* with a *Part 30 exemption order* which also operates an *LME bond arrangement* for the benefit of US-resident investors must exclude the *client equity balances* for transactions undertaken on the *LME* on behalf of those US-resident investors from the calculation of the *margined transaction requirement*, to the extent those transactions are provided for by an *LME bond arrangement* (see CASS 12.2.3G).

...

Schedule 1 Record keeping requirements

Sch 1.3G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
CASS 7.15.7R	<i>Internal client money reconciliations and external client money reconciliations conducted carried out by the firm</i>	Date, actions the <i>firm</i> took in carrying out the relevant process, and the outcome of its calculation of its <i>client money requirement</i> and <i>client money resource</i> . Fact of each reconciliation and review of the <i>firm's</i> arrangements for complying with CASS 7.15.5R to <del>CASS 7.15.8R</del> <u>7.15.7R</u> .	Immediate	Not specified (see default provision CASS 7.15.5R(3))
...				
CASS 7.15.24R	Frequency of the <i>firm's</i> <i>external client money reconciliations</i>	Sufficient to show and explain decision taken under <del>CASS 7.15.232R</del> <u>7.15.23R</u> when determining frequency	Immediate	(1) Subject to (2), indefinitely. (2) For any decision which is superseded by a subsequent decision, five years from the subsequent decision (with (1) applying to the subsequent decision).
...				

Schedule 2 Notification Requirements

Sch 2.1G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
<del>CASS 6.57R(1)</del> <u>6.6.57R(1)</u>	Inability to comply with the requirements in CASS 6.6.2R to CASS 6.6.4R (Records, accounts and reconciliations)	The fact that the <i>firm</i> has not complied or is unable, in any material respect, to comply with the requirements and the reasons for that	Non-compliance or inability, in any material respect, to comply with the requirements	Without delay
<del>CASS 6.57R(2)</del> <u>6.6.57R(2)</u>	Non-compliance or material inability to comply with the requirements in CASS 6.6.2R (Records, accounts and reconciliations) or articles 89(1)(b) or 89(1)(c) (Safekeeping duties with regard to assets held in custody) of the <i>AIFMD level 2</i> regulation	The fact that the <i>firm</i> has not complied or is materially unable to comply with the requirements and the reasons for that	Non-compliance or material inability to comply with the requirement	Without delay
...				
<del>CASS 7.12.42R</del> <u>7.11.47R</u>	...			
...				

## Annex E

### Amendments to the Supervision manual (SUP)

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

#### 3.8 Rights and duties of auditors

...

Cooperation with the appropriate regulator

...

- 3.8.4 R An auditor of a *firm* must give any *skilled person* appointed by the *firm* or appointed by the appropriate regulator all assistance that ~~person~~ person reasonably requires (see *SUP* 5 and section 165(5) of the *Act* (Reports by skilled persons)).

#### 12.3 What responsibility does a firm have for its appointed representatives or EEA tied agent?

...

- 12.3.3 G In determining whether the *firm* has committed any ~~offence~~ offence, however, the knowledge or intentions of an *appointed representative* are not attributable to the *firm*, unless in all the circumstances it is reasonable for them to be attributed to it (section 39(6) of the *Act*).

## Annex F

### Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

#### Part 1: Comes into force on 1 July 2014

#### 2 Annex 1G Regulated activities for the Voluntary Jurisdiction at 1 April 2014

...

The activities which (at 1 April 2014) were *regulated activities* were, in accordance with section 22 of the *Act* (The classes of activity and categories of investment), any of the following activities specified in Part II of the *Regulated Activities Order*:

...

which is carried on by way of business and relates to a *specified investment* applicable to that activity or, in the case of (20), (21), (21A), (22), (22A), (22B), (22C), (22D), (22E) and (23), is carried on in relation to property of any kind or, in the case of (40A) or (40B) relates to information about a *person's* financial standing.

#### Part 2: Comes into force on 22 July 2014

#### 2.5 To which activities does the Voluntary Jurisdiction apply?

2.5.1 R The *Ombudsman* can consider a *complaint* under the *Voluntary Jurisdiction* if:

...

(2) it relates to an act or omission by a *VJ participant* in carrying on one or more of the following activities:

...

(c) activities (which at ~~1 April~~ 22 July 2014) would be covered by the *Compulsory Jurisdiction*, if they were carried on from an establishment in the *United Kingdom* (these activities are listed in *DISP 2 Annex 1G*);



...

...

**2 Annex 1G Regulated activities for the Voluntary Jurisdiction at 1 April 22 July 2014**

...

The activities which (at ~~1 April~~ 22 July 2014) were *regulated activities* were, in accordance with section 22 of the *Act* (The classes of activity and categories of investment), any of the following activities specified in Part II of the *Regulated Activities Order*:

...

- ~~(20) establishing, operating or winding up a collective investment scheme (article 51(1)(a));~~
- ~~(21) acting as trustee of an authorised unit trust scheme (article 51(1)(b));~~
- ~~(21A) acting as the depositary of an authorised contractual scheme (article 51(1)(bb));~~
- ~~(22) acting as the depositary or sole director of an open ended investment company (article 51(1)(c));~~

...

which is carried on by way of business and relates to a *specified investment* applicable to that activity or, in the case of ~~(20), (21), (21A), (22),~~ (22A), (22B), (22C), (22D), (22E) and (23), is carried on in relation to property of any kind or, in the case of (40A) or (40B) relates to information about a *person's* financial standing.

## Annex G

### Amendments to the Consumer Credit sourcebook (CONC)

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

#### Conduct of business

2.5.3 R A *firm* must:

...

- (9) take reasonable steps not to pass a *customer's* personal data to a business which carries on a *credit-related regulated activity* for which the business has no *permission* ~~for that activity~~.

[Note: paragraph 3.9x of *CBG*]

...

#### Unfair business practices: credit brokers

2.5.8 R A *firm* must not:

...

- (13) give preference to the ~~credit~~ credit products of a particular *lender* where the object of doing so is for, or can reasonably be concluded as having been for, the personal gain of the *firm* or of a *person* acting on its behalf, rather than in the best interests of the *customer*;

[Note: paragraph 4.41k of *CBG*]

...

...

#### Terms and conditions, and form

2.7.6 R A *firm* must communicate to the *consumer* all the contractual terms and conditions and the information referred to in the distance marketing disclosure rules (*CONC 2.7.2R* to *CONC 2.7.5R*) in a  ~~durable medium~~ *durable medium*. That information must be made available and accessible to the *consumer* in good time before the *consumer* is bound by any *distance contract* or offer.

[Note: regulation 8(1) of SI 2004/2095]

[Note: articles 4(5) and 5(1) of the *Distance Marketing Directive*]

...

**2.10 Mental capacity guidance**

...

2.10.2 G ...

- (3) References in this section to a *firm's* knowledge, understanding, observation, suspicion, assumption or belief ~~includes~~ include that of the *firm's* employees, *appointed representatives*, agents and any others who act on behalf of the *firm*.

[**Note:** footnote 2 of *MCG*]

...

...

Practices and procedures

...

2.10.10 G ...

- (2) *CONC 7.2.1R* ~~require~~ requires *firms* to establish and implement arrears policies and procedures, which include policies and procedures for the fair and appropriate treatment of *customers* the *firm* understands or reasonably suspects of having mental capacity limitations.

...

**2 Annex 1R Distance marketing information**

...

...	
Information about the contract	
(12)	The existence or absence of any right to cancel under section 66A or 67 of the <i>CCA</i> or the cancellation <i>rules</i> in <i>CONC 11.1</i> and, where there is such a right, its duration and the conditions for exercising it, including information on the amount which the <i>consumer</i> may be required to pay (or which may not be returned to the <i>consumer</i> ) in accordance with those <u>provisions or rules</u> , as well as the consequences of not exercising the right to cancel.
...	

**2 Annex 2R Abbreviated distance marketing information**

...

...	
(5)	The existence or absence of a <u>any</u> right to cancel in accordance with the cancellation provisions or <i>rules</i> (in sections 66A or 67 of the <i>CCA</i> or in <i>CONC</i> 11.1) and, where the right to cancel exists, its duration and the conditions for exercising it, including information on the amount the <i>consumer</i> may be required to pay on the basis of the cancellation <u>provisions or <del>rules</del> rules</u> .
...	

...

### 3 Financial promotions and communications with customers

...

Where?

3.1.9 R ...

- (3) the *communication* or *approval for communication* of a *financial promotion* that is an *electronic commerce communication* to a person in an *EEA State* other than ~~in~~ the *UK*;

...

...

Guidance on misleading introductions

3.3.11 G Misleading a *customer* as to the availability of a particular ~~credit~~ credit product is likely to include stating or implying that the *firm* will introduce the *customer* to a provider of a standard personal loan based on repayment by instalments or of an overdraft facility on a current account (for example, a bank or building society) or of a credit card, but instead introducing the *customer* to a provider of *high-cost short-term credit*.

[Note: paragraph 3.9p (box) of *CBG*]

...

Risk warnings

...

3.4.2 G The Money Advice Service has granted a licence to use the logo referred to in *CONC* 3.4.1R(3) for the purposes of that ~~rule~~ rule. The terms of the licence are available from the Money Advice Service.

...

Restricted expressions

3.5.12 R ...

- (3) In this *rule*, "cash purchaser" means a ~~person~~ *person* who, for money consideration, acquires *goods, land* or other things or is provided with services under a transaction which is not financed by *credit*.

...

Restricted expressions

3.6.8 R ...

- (3) In this *rule* "cash purchaser" means a ~~person~~ *person* who for money consideration, acquires *goods, land* or other things or is provided with services, under a transaction which is not financed by *credit*.

...

Credit brokers' status

...

3.7.4 G A *firm* should in a *financial promotion* or in a communication with a *customer*:

...

- (2) indicate to the *customer* in a prominent way the existence of any financial arrangements with a *lender* that might impact upon the *firm's* impartiality in promoting a ~~credit~~ *credit* product to a *customer*;

[Note: paragraphs 2.2, 6th bullet and 4.6 of *CBG*]

- (3) only describe itself as independent if it is able to provide access to a representative range of ~~credit~~ *credit* products from the relevant product market on competitive terms and is not constrained in providing such access, for example, because of one or more agreements with *lenders*; and

[Note: paragraph 4.5 of *CBG*]

...

...

**3.10 Financial promotions not in writing**

...

- 3.10.1 R This section applies:
- (1) to a *financial promotion* in relation to *consumer credit lending*, *credit broking*, *debt counselling*, *debt adjusting*, *operating an electronic ~~systems~~ system* in relation to lending in relation to prospective *borrowers* or *borrowers* under *P2P agreements*;

...

...

#### 4 Pre-contractual requirements

...

4.1.3 R ...

- (4) When a *firm* provides a quotation to a *customer* in connection with a prospective *credit agreement* which would or might be secured on *land* and under which *repayments* would be made in a currency other than sterling, the *firm* must include (or cause to be included) in the quotation the following statement ...

...

...

4.2.7 G In deciding on the level and extent of explanation required by *CONC* 4.2.5R, the *lender* or *credit broker* should consider (and each of them should ensure that anyone acting on its behalf should consider), to the extent appropriate to do so, factors including:

...

- (4) the channel or medium through which the ~~credit~~ *credit* transaction takes place.

[**Note:** paragraph 3.4 of *ILG*]

...

Refunds of brokers' fees

6.8.5 G ...

- (3) In circumstances where *individuals* request refunds and the *firm* knows, or ought to know, that agreements to which section 155 applies would not be entered into within six *months*, the *firm* should not make the *individuals* wait for the six-~~month~~ *month* period to elapse before making the refund.

[**Note:** paragraphs 6.17 and 6.18 of *CBG*]

...

**7.3 Treatment of customers in default or arrears (including repossessions): lenders, owners and debt collectors**

7.3.1 G ...

(2) In relation to *debt collecting* and *debt administration*, the definitions of *customer* and *borrower* are given extended meanings to include, as well as those other people they generally include, a ~~person~~ person providing a guarantee or indemnity under a *credit agreement* and also a ~~person~~ person to whom rights and duties ~~are~~ under the agreement are passed by assignment or operation of law. This reflects article 39M of the *Regulated Activities Order*.

...

**8.3 Pre contract information and other advice requirements**

8.3.1 R A *firm* must (except where the contract is a *credit agreement* to which the *disclosure regulations* apply) provide sufficient information, ~~on~~ in a *durable medium*, when the *customer* first enquires about the *firm's* services, about the following matters to enable the *customer* to make a reasonable decision:  
...

...

Prudential resources requirement

...

10.2.7 G The definition of *relevant debts under management* refers to a debt due under a *credit agreement* or a *consumer hire agreement* in relation to which the *firm* is carrying on *debt adjusting* or an activity connected to that activity. The reference to "debt due" covers not only amounts that are payable at the time the prudential resources requirement is calculated but also amounts the *borrower* or hirer is presently obliged to pay under the *credit agreement* or the consumer hire agreement in the future.

...

**12 Requirements for firms with interim permission for credit-related regulated activities**

...

12.1.4 R ...

Module	Disapplication or modification
...	

Threshold Conditions (COND)	Guidance applies with necessary modifications to reflect Chapter 4 of Part 8 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No 2) Order 2013 (see Note 1).	
	Note 1	<p>A <i>firm</i> is treated as having an <i>interim permission</i> on and after 1 April 2014 to carry on <del>credit-related regulated activity</del> <u>credit-related regulated activity</u> under the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 if it met the conditions set out in Chapter 4 of Part 8 of that Order. Section 55B(3) of the <i>Act</i> (satisfaction of threshold conditions) does not require the <i>FCA</i> or <i>PRA</i> to ensure that the <i>firm</i> will satisfy, and continue to satisfy, in relation to the <del>credit-related regulated activities</del> <u>credit-related regulated activities</u> for which it has an <i>interim permission</i>, the <i>threshold conditions</i> for which that regulator is responsible. The <i>FCA</i> or <i>PRA</i> can, however, exercise its power under section 55J of the <i>Act</i> (variation or cancellation on initiative of regulator) or under section 55L of the <i>Act</i> (in the case of the <i>FCA</i>) or section 55M of the <i>Act</i> (in the case of the <i>PRA</i>) (imposition of requirements by the regulator) in relation to a <i>firm</i> if, among other things, it appears to the <i>FCA</i> or <i>PRA</i> that the <i>firm</i> is failing, or is likely to fail, to satisfy the <i>threshold conditions</i> in relation to the <del>credit-related regulated activities</del> <u>credit-related regulated activities</u> for which it has an <i>interim permission</i> for which the regulator is responsible. The <del>guidance</del> <u>guidance</u> in <i>COND</i> should be read accordingly.</p>

...

### 13 Guidance on the duty to give information under sections 77, 78 and 79 of the Consumer Credit Act 1974

...

The copy agreement

#### 13.1.4 G ...

- (7) Further, section 180(1)(b) of the *CCA* and regulation 3(2) of the Consumer Credit (Cancellation Notices and Copies of Documents) Regulations 1983 expressly allow certain matters to be omitted from the copy. There may be excluded from the copy of the executed agreement to be provided under these sections:
- (a) any information relating to the *borrower*, *hirer* or *surety*, or information included for the use of the *lender* or *owner* only, which is not required to be included by the CCA or by any regulations made under the *CCA* as to the form and content of the agreement;

...

...



**15 Second charge lending**

...

15.1.6 G Where appropriate, the disclosure required by ~~CONC 15.1.4R~~ 15.1.5R should be explained orally to the *customer*.

[Note: paragraph 3.4 of *SCLG*]

...

**Appendix 1 Total charge for credit rules**

...

Statement of high net worth

1.4.7 R A statement of high net worth for the purposes of articles 60H(d) and 60Q(c) of the *Regulated Activities Order* must have the following form and content:

**“Statement of High Net Worth**

...

is an individual of high net worth because he/she\*

(a) received during the previous financial year net income totalling an amount of not less ~~that~~ than £150,000\*; and/or

...

**Schedule 1 Record keeping requirements**

...

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
6.6.3R	...	Specified details concerning taking articles in <del>pawn</del> <u>pawn</u> , redemption and sale of articles in <i>pawn</i> .	...	...
...				

## Annex H

### Amendments to the Investment Funds sourcebook (FUND)

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

#### 3.11 Depositaries

...

Appointment of a single depositary

3.11.4 R An *AIFM* must, for each *AIF* it manages, ensure that:

...

(2) the assets of the *AIF* are entrusted to the *depositary* for safekeeping in accordance with:

(a) for a UK *AIF*, FUND 3.11.21R and FUND 3.11.23R; or

(b) for an EEA *AIF*, the national laws and regulations in the Home State of the *AIF* implementing article 21(8) of *AIFMD*.

...

#### TP 1 Transitional Provisions

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional provision	Transitional provision: date in force	Handbook provisions: coming into force
1	...				
1A	<u>FUND 3.11.4R(2)</u>	R	<u>An <i>AIFM</i> that appoints a <i>depositary</i> in accordance with article 61(5) of <i>AIFMD</i> must ensure the assets of the <i>AIF</i> are entrusted to the <i>depositary</i> for safekeeping in accordance with the national laws and regulations of the <i>EEA State</i> of the competent authority of the <i>depositary</i> (as defined in article 4(1)(g) of <i>AIFMD</i>).</u>	<u>From 1 July 2014 until 22 July 2017.</u>	<u>1 July 2014</u>
...					

## Annex I

### Amendments to the Perimeter Guidance manual (PERG)

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

#### 1.4 General guidance to be found in PERG

...

##### 1.4.2 G ...

Chapter:	Applicable to:	About:
...		
<i>PERG 13:</i> Guidance on the scope of <del>the Market in Financial Instruments Directive</del> <u>MiFID</u> and the CRD IV ( <del>Directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and the Regulation on prudential requirements for credit institutions and investment firms</del> )	...	...
...		

...

#### 13 **Guidance on the scope of ~~the Market in Financial Instruments Directive~~ MiFID and the CRD IV (~~Directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and the Regulation on prudential requirements for credit institutions and investment firms~~)**

...