

CROWDFUNDING (AMENDMENT) INSTRUMENT 2014**Powers exercised**

- A. The Financial Conduct 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) the following sections of the Act:
 - (a) section 137A (FCA’s general rule-making power);
 - (b) section 137R (Financial promotion);
 - (c) section 137T (General supplementary powers); and
 - (d) section 139A (FCA’s power to give guidance); and
 - (2) the other powers listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 4 August 2014.

Amendments to the FCA Handbook

- D. 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
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Conduct of Business sourcebook (COBS)	Annex C
Supervision manual (SUP)	Annex D
Dispute Resolution: Complaints sourcebook (DISP)	Annex E
Consumer Credit sourcebook (CONC)	Annex F
Listing Rules (LR)	Annex G

Amendments to material outside the Handbook

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

Citation

- F. This instrument may be cited as the Crowdfunding (Amendment) Instrument 2014.

By order of the Board of the Financial Conduct Authority
24 July 2014

Annex A

Amendments to the Glossary of definitions

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

- advising on investments* (1) (except in *SUP* 10A (Approved Persons) and *APER*) the regulated activity, specified in article 53 of the *Regulated Activities Order* (Advising on investments), which is in summary: advising a *person* if the advice is:
- ...
- (b) advice on the merits of his doing any of the following (whether as principal or agent):
- (i) *buying, selling*, subscribing for or underwriting a particular *investment* which is a *security* or *relevant investment* (that is, any *designated investment* (other than a *P2P agreement*), *funeral plan contract*, *pure protecting contract*, *general insurance contract* or right to or interests in a *funeral plan contract*); or
- ...
- ...
- applicable asset* ...
- (b) in relation to *safeguarding and administering investments* that is not *MiFID business*, *acting as trustee or depositary of a UCITS*, and/or *acting as trustee or depositary of an AIF*, a *designated investment* (other than a *P2P agreement*).
- arranging (bringing about) deals in investments* the regulated activity, specified in article 25(1) of the *Regulated Activities Order*, which is in summary: making arrangements for another *person* (whether as *principal* or agent) to *buy, sell*, subscribe for or underwrite a particular *investment* which is:
- (a) a *designated investment* (other than a *P2P agreement*); or
- ...
- credit* ...
- (3) (in relation to a *credit-related regulated activity* or operating an electronic system in relation to lending) includes a cash loan and any other form of financial accommodation, but an item entering into the *total charge for credit* is not treated as

	credit even though time is allowed for its payment.
<i>credit-related regulated activity</i>	(in accordance with section 22 of the <i>Act</i> (the classes of activity and categories of investments)) any of the following activities specified in Part 2 or 3A of the <i>Regulated Activities Order</i> (Specified Activities): ... (1) <i>operating an electronic system in relation to lending</i> (article 36H), <u>but (other than in <i>FEES</i> and <i>SUP</i>) only insofar as it relates to a borrower or prospective borrower under a <i>P2P agreement</i></u> ; ...
<i>dealing in investments as agent</i>	the <i>regulated activity</i> , specified in article 21 of the <i>Regulated Activities Order</i> (Dealing in investments as agent), which is in summary: <i>buying, selling</i> , subscribing for or underwriting <i>designated investments</i> <u>(other than <i>P2P agreements</i>)</u> , <i>pure protection contracts</i> or <i>general insurance contracts</i> as agent.
<i>dealing in investments as principal</i>	the <i>regulated activity</i> , specified in article 14 of the <i>Regulated Activities Order</i> (Dealing in investments as principal), which is in summary: <i>buying, selling</i> , subscribing for or underwriting ... <i>designated investments</i> <u>(other than <i>P2P agreements</i>)</u> as principal.
<i>designated investment business</i>	any of the following activities: ... (b) <i>dealing in investments as agent</i> (article 21) but only in relation to <i>designated investments</i> <u>(other than <i>P2P agreements</i>)</u> ; ... (c) <i>arranging (bringing about) deals in investments</i> (article 25(1)), but only in relation to <i>designated investments</i> <u>(other than <i>P2P agreements</i>)</u> ; (d) <i>making arrangements with a view to transactions in investments</i> (article 25(2)), but only in relation to <i>designated investments</i> <u>(other than <i>P2P agreements</i>)</u> ; (db) <i>operating an electronic system in relation to lending</i> (article 36H), but only in relation to facilitating a person becoming a lender <u>insofar as it relates to a lender or</u>

prospective lender under a *P2P agreement* ~~and in relation to the supplemental activities in article 36H(3)(a), (b) and (d)~~;

- (e) *managing investments* (article 37), but only if the assets consist of or include (or may consist of or include) *designated investments* (other than *P2P agreements*);

...

- (f) *safeguarding and administering investments* (article 40), but only if the assets consist of or include (or may consist of or include) *designated investments* (other than *P2P agreements*); ...

...

- (m) *advising on investments* (article 53), but only in relation to *designated investments* (other than *P2P agreements*);

...

making arrangements with a view to transactions in investments

the *regulated activity*, specified in article 25(2) of the *Regulated Activities Order* (Arranging deals in investments ...:

- (a) a *designated investment* (other than a *P2P agreement*);
or

...

managing investments

the *regulated activity*, specified in article 37 of the *Regulated Activities Order* (Managing investments) ... if:

- (a) the assets consist of or include any *security* or *contractually based investment* (that is, any *designated investment* (other than a *P2P agreement*))

...

option

the *investment*, specified in article 83 of the *Regulated Activities Order* (Options), which is an option to acquire or dispose of:

- (a) a *designated investment* (other than a *P2P agreement*, an option or ...

...

safeguarding and administering investments

the *regulated activity*, specified in article 40 of the *Regulated Activities Order* (Safeguarding and administering investments), which is in summary: the safeguarding of assets belonging to another and the administration of those assets, or arranging for one or more other *persons* to carry on that activity, where:

- (a) the assets consist of or include any *security* or *contractually based investment* (that is, any *designated investment* (other than a *P2P agreement*), *funeral plan contract* or right to or interest in a *funeral plan contract*);
or
- (b) the arrangements for their safeguarding and administration are such that the assets may consist of or include *designated investments* (other than *P2P agreements*), and either the assets have at any time since 1 June 1997 done so, or the arrangements have at any time (whether before or after that date) been held out as ones under which *designated investments* (other than *P2P agreements*) would be safeguarded and administered.

Annex B

Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

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

1 Annex 1 Detailed application of SYSC

...

Part 2	Application of the common platform requirements (SYSC 4 to 10)	
...		
2.13A	R	<i>SYSC 6.3 only applies to a firm in relation to carrying on a credit-related regulated activity, <u>or operating an electronic system in relation to lending</u>, to which the Money Laundering Regulations also apply.</i>
...		

...

Part 3	Tables summarising the application of the common platform requirements to different types of firm
...	

Provision SYSC 6	COLUMN A Application to a common platform firm other than to a UCITS investment firm	COLUMN A+ Application to a UCITS management company	COLUMN A++ Application to a full-scope UK AIFM of an authorised AIF	COLUMN B Application to all other firms apart from insurers, managing agents, the Society and full-scope UK AIFMs of unauthorised AIFs
...				
SYSC 6.3.1R	Rule	Rule	Rule	Rule For <i>firms</i> carrying on a <i>credit-related regulated activity</i> , <u>or</u>

				<p><i>operating an electronic system in relation to lending</i>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Rule does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.2G	Guidance	Guidance	Guidance	<p>Guidance</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or <i>operating an electronic system in relation to lending</i></u>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Guidance does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.3R	Rule	Rule	Rule	<p>Rule</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or <i>operating an electronic system in relation to lending</i></u>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Rule does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>

SYSC 6.3.4 G	Guidance	Guidance	Guidance	<p>Guidance</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Guidance does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.5G	Guidance	Guidance	Guidance	<p>Guidance</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Guidance does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.6G	Guidance	Guidance	Guidance	<p>Guidance</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Guidance does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the</p>

				supervisory authority for the purposes of those regulations. (FCA Handbook only)
SYSC 6.3.7G	Guidance	Guidance	Guidance	<p>Guidance</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Guidance does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.8R	Rule	Rule	Rule	<p>Rule</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money Laundering Regulations</i> apply to the <i>firm</i>. Rule does not apply to a <i>firm</i> with a <i>limited permission for entering into a regulated credit agreement as lender</i>. Rule does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundering Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.9R	Rule	Rule	Rule	<p>Rule</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money</i></p>

				<p><i>Laundrying Regulations</i> apply to the <i>firm</i>. Rule does not apply to a <i>firm</i> with a <i>limited permission</i> for entering into a <i>regulated credit agreement as lender</i>. Rule does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundrying Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.10G	Guidance	Guidance	Guidance	<p>Guidance</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money Laundrying Regulations</i> apply to the <i>firm</i>. Guidance does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundrying Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>
SYSC 6.3.11G	Guidance	Guidance	Guidance	<p>Guidance</p> <p>For <i>firms</i> carrying on a <i>credit-related regulated activity</i>, <u>or operating an electronic system in relation to lending</u>, applies only where the <i>Money Laundrying Regulations</i> apply to the <i>firm</i>. Guidance does not apply to a <i>firm</i> for which a professional body listed in Schedule 3 to the <i>Money Laundrying Regulations</i>, and not the <i>FCA</i>, acts as the supervisory authority for the purposes of those regulations. (FCA Handbook only)</p>

Annex C

Amendments to the Conduct of Business sourcebook (COBS)

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

9 Suitability (including basic advice)

...

- 9.1.1 G This chapter applies to a *firm* which makes a *personal recommendation* in relation to a *designated investment* (other than a P2P agreement).

...

14 Providing product information to clients

...

- 14.3.1 R This section applies to a *firm* in relation to:

- (1) ...
- (2) the following *regulated activities* when carried on for a *retail client*:
 - (a) making a *personal recommendation* about a *designated investment* (other than a P2P agreement); or
 - (b) *managing investments* that are *designated investments* (other than P2P agreements); or

...

Annex D

Amendments to the Supervision manual (SUP)

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

12 Appointed representatives

...

12.2.7 G (1) The *Appointed Representatives Regulations* ... describe, among other things, the business for which an *appointed representative* may be exempt or to which sections 20(1) and (1A) and 23(1A) of the *Act* may not apply, which is business which comprises any of:

...

(b) *arranging (bringing about) deals in investments* (article 25(1) of the *Regulated Activities Order*) (that is in summary, deals in a *designated investment* (other than a P2P agreement) ...

(c) *making arrangements with a view to transactions in investments* (article 25(2) of the *Regulated Activities Order*) (that is in summary, transactions in a *designated investment* (other than a P2P agreement) ...

...

...

(i) *advising on investments* (article 53 of the *Regulated Activities Order*) (that is in summary, on any *designated investment* (other than a P2P agreement) ...

...

...

12.5.2 G ...

(2) Under the *Appointed Representative Regulations*, an *appointed representative* is treated as representing other counterparties if, broadly, it:

...

(d) *assists in the administration and performance of a contract of insurance* (article 39A of the *Regulated Activities Order*); where an “investment transaction” means a transaction to *buy, sell, subscribe for or underwrite a security or designated investment* (other than a P2P agreement) ...

...

Annex E

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

1 Treating complainants fairly

...

1.10.1 R ...

- (2) If a *firm* has *permission* to carry on only *credit-related regulated activities* or operating an electronic system in relation to lending and has revenue arising from ~~*credit-related regulated activities*~~ those activities that is less than or equal to £5,000,000 a year, the *firm* must provide the *FCA* with a complete report concerning *complaints* received from *eligible complainants* once a year.

...

...

1.10.4A R If a *firm* has *permission* to carry on only *credit-related regulated activities* or operating an electronic system in relation to lending and has revenue arising from ~~*credit-related regulated activities*~~ those activities that is less than or equal to £5,000,000 a year, the relevant reporting period is the year immediately following the *firm's accounting reference date*.

...

1.10A.1 R ...

- (1A) (a) This paragraph applies to a *firm* which:
- (i) has *permission* to carry on only *credit-related regulated activities* or to operate an electronic system in relation to lending; and
 - (ii) has revenue arising from ~~*credit-related regulated activities*~~ those activities that is less than or equal to £5,000,000 a year.

...

In TP 1.1, paragraphs 33 and 34, for every reference to “*credit-related regulated activities*” substitute a reference to “*credit-related regulated activities* or *operating an electronic system in relation to lending*”.

Annex F

Amendments to the Consumer Credit sourcebook (CONC)

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

1 Application and purpose and guidance on financial difficulties

...

1.2.1 R *CONC* applies:

- (1) ~~unless otherwise stated in, or in relation to, a *rule*, to a *firm*:~~
 - (a) ~~except where (b) applies, with respect to carrying on credit-related regulated activities;~~
 - (b) ~~with respect to *operating an electronic system in relation to lending in relation to a borrower or prospective borrower under a P2P agreement*; and~~
- (2) with respect to activities connected activities, unless otherwise stated in, or in relation to, a *rule* to the activities in (a) and (b).

...

1.2.4 G The *credit-related regulated activities* comprise *consumer credit lending, credit broking, debt counselling, debt adjusting, debt administration, debt collecting, providing credit information services, providing credit references, operating an electronic system in relation to lending* (but, other than in *FEES* and *SUP*, only insofar as it relates to a borrower or prospective borrower under a *P2P agreement*) and *consumer hiring*.

In CONC 12.1, for every reference to “*credit-related regulated activities*” substitute a reference to “*credit-related regulated activities or operating an electronic system in relation to lending*”.

Annex G**Amendments to the Listing Rules (LR)**

In this Annex, underlining indicates new text.

App 1.1.1

...

option

the *investment*, specified in article 83 of the *Regulated Activities Order* (Options), which is an option to acquire or dispose of:

- (a) a *designated investment* (other than a *P2P agreement*, an option or ...

...

Annex H

Amendments to the Perimeter Guidance manual (PERG)

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

2 Authorisation and regulated activities

...

2.3.2 G ...

- (4) The business element for all other *regulated activities* is that the activities are carried on by way of business. This applies to the activities of *effecting or carrying out contracts of insurance*, certain activities relating to the Lloyd's market, *entering as provider into a funeral plan contract, entering into a home finance transaction or administering a home finance transaction, operating a dormant account fund, ~~and~~ credit-related regulated activities and operating an electronic system in relation to lending* carried on by persons other than *not-for-profit bodies*.