Powers exercised

A. 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.

B. 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.

Commencement

C. This instrument comes into force on 1 November 2015 except as provided below:

(1) Part 1 of Annex H (MCOB) comes into force on 23 October 2015;
(2) Part 2 of Annex A (Glossary), Annex B (APER), Annex C (COCON), Part 2 of Annex I (CASS) and Part 2 of Annex J (SUP) come into force on 7 March 2016;
(3) Annex F (MIPRU) and Part 3 of Annex H (MCOB) come into force on 21 March 2016; and
(4) Annex K (CONC) comes into force on 1 April 2016.

Amendments to the Handbook

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

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
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</thead>
<tbody>
<tr>
<td>Glossary of definitions</td>
<td>Annex A</td>
</tr>
<tr>
<td>Statements of Principle and Code of Conduct for Approved Persons (APER)</td>
<td>Annex B</td>
</tr>
<tr>
<td>Code of Conduct sourcebook (COCON)</td>
<td>Annex C</td>
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<tr>
<td>Fees manual (FEES)</td>
<td>Annex D</td>
</tr>
<tr>
<td>Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)</td>
<td>Annex E</td>
</tr>
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<td>Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)</td>
<td>Annex F</td>
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<tr>
<td>Conduct of Business sourcebook (COBS)</td>
<td>Annex G</td>
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<td>Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)</td>
<td>Annex H</td>
</tr>
<tr>
<td>Client Assets sourcebook (CASS)</td>
<td>Annex I</td>
</tr>
<tr>
<td>Supervision manual (SUP)</td>
<td>Annex J</td>
</tr>
<tr>
<td>Consumer Credit sourcebook (CONC)</td>
<td>Annex K</td>
</tr>
<tr>
<td>Listing Rules sourcebook (LR)</td>
<td>Annex L</td>
</tr>
</tbody>
</table>

Amendments to material outside the Handbook

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

F. This instrument may be cited as the Handbook Administration (No 39) Instrument 2015.

By order of the Board
22 October 2015
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 November 2015

actuarial function (in the PRA Handbook) PRA controlled function CF12 in the table of PRA controlled functions, described more fully in SUP 4.3.13R and SUP 10B.8.1R. [deleted]

Handbook the FCA Handbook or the PRA Handbook as appropriate.

IFPRU 730k firm has the meaning in IFPRU 1.1.11R (Types of investment firm: IFPRU 730k firm) which in summary is an IFPRU investment firm that is not a collective portfolio management investment firm, a BIPRU IFPRU 50k firm or a BIPRU IFPRU 125k firm.


Lloyd’s actuary function (in the PRA Handbook) PRA controlled functions CF12B in the table of controlled functions, described more fully in SUP 10B.8.3R. [deleted]

Part 2: Comes into force on 7 March 2016

accountable higher management function (in APER) any accountable function that is:

(1) an FCA controlled function that is a significant influence

(a) significant-influence function; or

(2) a PRA controlled function.

(b)

senior conduct rules staff member (in COCON) a person who is:

…

(c) an approved person performing a significant influence significant-influence function (including a PRA controlled function) in a Solvency II firm.
Annex B

Amendments to the Statements of Principle and Code of Practice for Approved Persons
(APER)

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

Comes into force on 7 March 2016

4.1 Statement of Principle 1

...  
4.1.2 \textit{G} In the opinion of the FCA, conduct of the type described in ... does not comply with \textit{Statement of Principle 1}.

...  
4.1.8 \textit{R} Deliberately preparing inaccurate or inappropriate records or returns in connection with an \textit{accountable function}, falls within APER 4.1.2G.

...  
4.5 Statement of Principle 5

...  
4.5.7 \textit{G} Behaviour of the type referred to in APER 4.5.4G 4.5.6G includes ...

...  
4.5.9 \textit{G} Behaviour of the type referred to in APER 4.5.4G 4.5.8G includes ...

...  
4.6 Statement of Principle 6

...  
4.6.1A \textit{G} The \textit{Statement of Principle 6} (see APER 2.1A.3R) is in the following terms: “An approved person performing an \textit{accountable higher management function} must exercise due skill, care and diligence in managing the business of the \textit{firm} for which they are responsible in \textit{his} \textit{accountable function}.”

...  
4.7 Statement of Principle 7

...
4.7.2 In the opinion of the FCA, conduct of the type described in … does not comply with Statement of Principle 7.
Annex C

Amendments to the Code of Conduct sourcebook (COCON)

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

Comes into force on 7 March 2016

1.1 Application

...

1.1.10 R COCON only applies to the conduct … if that conduct:

(1) is performed … by:

...

(b) … the firm in relation to whom that person carries out controlled functions; or

...

...

...
Annex D

Amendments to the Fees manual (FEES)

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

4 Annex 2AR FCA Fee rates and EEA/Treaty firm modifications for the period from 1 April 2015 to 31 March 2016

Part 1 This table shows the tariff rates applicable to each of the fee blocks set out in Part 1 of FEES 4 Annex 1AR.

…

(3) For a firm which has not complied with FEES 4.2.2G 4.4.2R (Information on which fees are calculated) for this period:

…
Annex E

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.

8.4 CAD Article 22 groups and investment firm consolidation waiver

... The effect of an investment firm consolidation waiver and the conditions for getting one

8.4.2 G A BIPRU investment firm may apply for a waiver of the requirement in this chapter to apply capital requirements on a consolidated basis. Such a waiver is called an investment firm consolidation waiver.

...

8.4.4 G The FCA will not grant an investment firm consolidation waiver unless:

...

(2) the FCA is satisfied that each BIPRU firm in the UK consolidation group or non-EEA sub-group will be able to meet its capital requirements using the calculation of capital resources in GENPRU 2 Annex 6R (Capital resources table for a BIPRU investment firm with a waiver from consolidated supervision); and

...

...

Definition of a CAD Article 22 group

8.4.9 R ...

(2) There must be no bank, building society, or credit institution or investment firm in the UK consolidation group or non-EEA sub-group and any investment firm in the UK consolidation group or non-EEA sub-group must not be subject to consolidated supervision under the EU CRR.

...

...

Capital adequacy obligations relating to a CAD Article 22 group: Capital resources
8.4.12 **R** A firm must calculate the capital resources of the *parent financial holding company in a Member State* for the purpose of BIPRU 8.4.11R as follows:

(1) the capital resources are the sum of *capital resources* calculated at stages D (Total tier one capital before deductions) and I (Total tier two capital) of the version of the *capital resources table* in GENPRU 2 Annex 4R (Capital resources table for a BIPRU investment firm deducting material holdings) as adjusted in accordance with this rule;

…

Capital adequacy obligations relating to a CAD Article 22 group: Capital resources requirement

…

8.4.14 **R** A firm must exclude *material holdings* in the notional calculation of the *credit risk capital requirement* for the purposes of BIPRU 8.4.13R. A firm must identify whether it has any *material holdings* and the amount of them in accordance with GENPRU 2.2 (Capital resources) and GENPRU 2 Annex 4R (Capital resources table for a BIPRU investment firm deducting material holdings).
Annex F

Amendments to the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)

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

Comes into force on 21 March 2016

1.3 Remuneration and property valuation requirements for MCD creditors

…

Property valuation requirements

…

1.3.3 G For the purposes of MIPRU 1.3.2R:

(1) reliable standards for the valuation of residential immovable property include internationally recognised valuation standards, in particular those developed by the International Valuation Standards Committee Council (IVSC), …

…
Annex G

Amendments to the Conduct of Business sourcebook (COBS)

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

22 Restrictions on the distribution of contingent convertible certain regulatory capital instruments
TP1.1 Transitional provisions

<table>
<thead>
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<td>42</td>
<td>MCOB (all)</td>
<td>R</td>
<td>A second charge lender who</td>
<td>21 September 2015 to 20 March 2016</td>
<td>21 September 2015 to 20 March 2016</td>
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<td>elects, for any particular</td>
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<td>agreement or proposed</td>
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<td>agreement, under Where</td>
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<td>article 31(2) of the</td>
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<td>Mortgage Credit Directive</td>
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<td>Order 2015 to comply with</td>
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<td>firm’s activities from 21</td>
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<td>March 2016 applies, a</td>
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<td>relevant firm:</td>
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<td>(1) must comply with all</td>
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<td>the provisions of MCOB</td>
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<td>firm in respect of the</td>
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<td>agreement from 21 March</td>
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<td>(3) a second charge lender</td>
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<td>with interim permission</td>
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<td>must, if the firm has</td>
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<td>interim permission.</td>
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</table>
continue to comply with the other provisions of the FCA Handbook as modified by CONC 12.

In this rule, a “relevant firm” means a second charge lender and a firm carrying on a regulated activity of a kind specified in article 36A(1)(a) to (c) of the Regulated Activities Order (disregarding the effect of paragraph (2) of that article).

43 …

44 MCOB TP 42 G Article 31 of the Mortgage Credit Directive Order 2015 applies to agreements which, if entered into before 21 March 2016, would be a regulated credit agreement but which, if entered after 20 March 2016, would be a regulated mortgage contract, where neither the lender nor any credit broker has complied with CCA requirements in respect of the agreement and both the lender and any credit broker comply with MCOB (as it will apply from 21 March 2016). The effect of article 31(2) is that the agreement is treated as a regulated mortgage contract rather than as a regulated credit agreement. MCOB TP 42 allows a second charge lender and a credit broker to comply, before 21 March 2016, with MCOB early as it will apply from that date without at the same time needing to comply with CONC or with pre-21 March 2016 provisions of MCOB, provided that the second charge lender complies with all provisions of MCOB that will apply in respect of the
agreement for which the second charge lender has made the election under article 31 of the Mortgage Credit Directive Order 2015.

Part 2: Comes into force on 1 November 2015

2.6A Protecting customer’s interests: regulated mortgage contracts, home purchase plans, home reversion plans and regulated sale and rent back agreements

... Protecting customer’s interests: regulated mortgage contracts, home purchase plans, home reversion plans and regulated sale and rent back agreements

2.6A.1 R ...

...

Part 3: Comes into force on 21 March 2016

5A MCD Pre-application disclosure

...

5A Annex 2R Instructions to complete the ESIS

... 6 Section ‘4. Interest rate’ and other costs

... 6.6 R ...

(6) The firm must accompany the warning required by (5) with an additional illustrative APRC calculated in accordance with MCOB 40A.1.4R 10A.1.5R.

...
Annex I

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 November 2015

6 Custody rules

6.1 Application

...

Delivery versus payment transaction exemption

6.1.12 R ...

(4) Where a firm intends to segregate money as client money instead of the client's safe custody asset under (3) it must, before doing so, ensure that this would result in money being held for the relevant client in respect of the shortfall under CASS 7.12.2R 7.17.2R (statutory trust).

...

6.6 Records, accounts and reconciliations

...

Notification requirements

6.6.57 R A firm must inform the FCA in writing without delay if:

...

(5) it will be unable, or materially fails, to conduct a physical asset reconciliation in compliance with CASS 6.6.2R 6.6.22R to CASS 6.6.30R; or

...

7.11 Treatment of client money

...

Discharge of fiduciary duty

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

…

(3) subject to CASS 7.11.38R 7.11.39R, it is paid into a bank account of the client (not being an account which is also in the name of the firm); or

…

7.19 Clearing member client money sub-pools

7.19.1 G (1) Under CASS 7.7.2R(2) 7.17.2R(2), a firm, acts as trustee for all client money received or held by it for the benefit of the clients for whom that client money is held, according to their respective interests in it.

…

Segregation and operation of sub-pools

7.19.12 R Where a firm establishes one or more sub-pools, CASS 7.4 7.13 (Segregation of client money) shall is to be read as applying separately to the firm's general pool and each sub-pool.

…

7A Client money distribution

7A.1 Application and purpose

…

7A.1.1A R The client money distribution rules do not apply to any client money held by a trustee firm under CASS 7.4 7.15G 7.10.34R to CASS 7.10.40G.

…

7A.2 Primary pooling events

…

Client money received after the failure of the firm

…

7A.2.7A G If a firm opens a client bank account after a primary pooling event, it must
comply with CASS 7.8.14R 7.18.15R regarding acknowledgement letters.

10 CASS resolution pack

10.1 Application, purpose and general provisions

10.1.9 E (1) For the purpose of CASS 10.1.7R, the following documents and records should be retrievable immediately:

... (g) the most recent external client money reconciliations referred to in CASS 10.3.1R(9) 10.3.1R(7A).

10.3 Existing records forming part of the CASS resolution pack

10.3.1 R A firm must include, as applicable, within its CASS resolution pack the records required under:

... (5) CASS 6.6.34R (External custody reconciliations); [deleted]

... (11) ...

Schedule 2 Notification requirements

Sch 2.1G

<table>
<thead>
<tr>
<th>Handbook reference</th>
<th>Matter to be notified</th>
<th>Contents of notification</th>
<th>Trigger event</th>
<th>Time allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>CASS 5.5.84R 5.5.61R</td>
<td>Failure of bank, broker or settlement agent</td>
<td>Full details including whether it intends to make good any shortfall that may have arisen in the amounts involved</td>
<td>As soon as the firm becomes aware</td>
<td>Immediately</td>
</tr>
<tr>
<td>CASS 5.5.84R 5.5.61R</td>
<td>Inability to perform the calculation required by CASS</td>
<td>Inability to perform</td>
<td>Inability to perform the</td>
<td>Immediately</td>
</tr>
</tbody>
</table>
### Part 2: Comes into force on 7 March 2016

#### 1A.3 Responsibility for CASS operational oversight

... 

1A.3.1B G (1) (a) … The table of *FCA controlled functions* in *SUP 10A.4.4R* together with *SUP 10A.7.9R* specify the *CASS operational oversight function* as a *required* an *FCA required function* for a *firm* to which *CASS 1A.3.1AR* applies.

... 

...
Annex J

Amendments to the Supervision manual (SUP)

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

Part 1: Comes into force on 1 November 2015

10A Annex 9  Form G: The Retail Investment Adviser Complaints Alerts Form

The Retail Investment Adviser Complaints Alerts Form G approved by the FSA FCA for notifications under SUP 10.13.20AR 10A.14.24R may be found at the FCA’s website ….

…

15.3  General notification requirements

…

15.3.8  G  Compliance with Principle 11 includes, but is not limited to, giving the appropriate regulator notice of:

(1) any proposed restructuring, reorganisation or business expansion which could have a significant impact on the firm’s risk profile or resources, including, but not limited to:

…

(e) entering into, or significantly changing, a material outsourcing arrangement (a bank, a building society and a dormant account fund operator should also see SYSC 3.2.4G and SYSC 8, and an insurer should also see SYSC 13.9 for further details); or

…

…

16.12  Integrated Regulatory Reporting

…

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

<table>
<thead>
<tr>
<th>Data item</th>
<th>IFPRU 730k firm</th>
<th>IFPRU 125k firm and collective portfolio management firm</th>
<th>IFPRU 50k firm</th>
<th>BIPRU firm</th>
<th>UK consolidation group or defined liquidity group</th>
<th>Firm other than BIPRU firms or IFPRU investment firms</th>
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<tr>
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<td>Annually (Note 5)</td>
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<td>Annually (Note 5)</td>
<td>Annually (Note 5)</td>
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</table>

### 16 Annex

Guidance notes for the data item in SUP 16 Annex 29R 29AG

### Section 7 Safe custody assets records checks and reconciliations

26 Safe custody assets unresolved items

... CASS 6.6.48G provides that a discrepancy should not be considered to be resolved until it is fully investigated and corrected, and any associated shortfall is made good.

... Part 2: Comes into force on 7 March 2016

### 10A FCA Approved Persons

... 10A.4 Specification of functions

... 10A.4.4 R FCA controlled functions

... Part 2 (FCA controlled functions for PRA-authorised persons) (see Note 1)
<table>
<thead>
<tr>
<th>Type</th>
<th>CF</th>
<th>Description of FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>FCA governing functions</em></td>
<td></td>
<td>...</td>
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<tr>
<td></td>
<td>5</td>
<td>Director of an unincorporated association function</td>
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<td>(see Note 2)</td>
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<td>(see Note 2)</td>
</tr>
</tbody>
</table>

... 10A.11 Minimising overlap with the PRA approved persons regime ...

10A.11.8 G ...

(3) The *FCA functions* disappplied in accordance with the *FCA governing functions* overlap rule for *Solvency II firms* ...
Annex K

Amendments to the Consumer Credit sourcebook (CONC)

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

Comes into force on 1 April 2016

TP 7   Transitional provisions in relation to the Consumer Credit (Amendment No 2) Instrument 2015

...

TP 7   Other transitional provisions
TP 8

...
Annex L

Amendments to the Listing Rules sourcebook (LR)

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

9.7A Preliminary statement of annual results, and statement of dividends and half-yearly reports
Annex M

Amendments to the Perimeter Guidance manual (PERG)

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

1.5 What other guidance about the perimeter is available from the FCA?

…

1.5.3 G In addition, the FCA has established a team to provide general assistance and guidance to persons generally about the scope of the Act. Enquiries of this kind may be made:

…

(2) by individuals or non-authorised firms, to the Consumer Contact Centre (email ccc@fca.org.uk, Tel 0800 111 6768) or the Perimeter Enquiries Team (email authorisationenquiries@fca.org.uk).

…

15 Ann 1 Flowchart 1 – Payment institutions established in the UK – do PSD regulations apply to us?

…

I. You may apply for registration as a small payment institution. You may apply for authorisation as an authorised payment institution instead, e.g. if you wish to acquire passport rights. For transitional arrangements, see Annex 1 Flowchart 2.