

**SUPERVISION MANUAL (REPORTING NO 3)  
INSTRUMENT 2016**

**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) section 137A (The FCA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Commencement**

- C. Part 1 of the Annex comes into force on 31 October 2016; and Part 2 on 31 December 2016.

**Amendments to the Handbook**

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

**Citation**

- E. This instrument may be cited as the Supervision Manual (Reporting No 3) Instrument 2016.

By order of the Board  
22 September 2016

## Annex

## Amendments to the Supervision manual (SUP)

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

**Part 1: Comes into force on 31 October 2016**

**16 Reporting requirements**

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**16.12 Integrated Regulatory Reporting**

...

Reporting requirement

16.12.3 R ...

(3) Paragraph (2) does not apply to:

...

(aa) ~~data item CCR008 from RAG 12, where SUP 16.3.6R to SUP 16.3.10G will apply; (FCA Handbook only) [deleted]~~

...

...

Regulated Activity Group 7

...

16.12.22A R ...

Description of <i>Data item</i>	<i>Firms' prudential category and applicable data item (note 1)</i>
...	
Note 23	Where a <i>firm</i> submits data items for both RAG 7 and RAG 9, the <i>firm</i> must complete <del>both Sections</del> <u>Section D1 and D6</u> <del>RMAR.</del>
...	

...

## Regulated Activity Group 12

...

16.12.29C R ...

Description of data item	Data item (note 1)	Frequency		Submission deadline
		Annual revenue from <i>credit-related regulated activities</i> up to and including £5 million (note 2)	Annual revenue from <i>credit-related regulated activities</i> over £5 million	
...				
Credit broking websites (note 10)	CCR008	<del>Quarterly (note 11)</del>	<del>Quarterly (note 11)</del>	<del>30 business days [deleted]</del>
...				
Note 10	<del>This data item applies to a firm that carries on credit broking where a fee or charge is or may become payable by a customer in connection with the credit broking activities. Firms are also reminded of the requirement to check the accuracy of standing data (including trading name(s) of the firm and website address) and to report changes to the FCA under SUP 16.10.4R and the requirement to give the FCA reasonable advance notice of a change in any business name under which the firm carries on a regulated activity or ancillary activity either from an establishment in the United Kingdom or with or for clients in the United Kingdom under SUP 15.5.1R. [deleted]</del>			
Note 11	<del>Quarters end on 31 March, 30 June, 30 September and 31 December. [deleted]</del>			

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**16 Retail Mediation Activities Return ('RMAR')**  
**Annex**  
**18AR**

Section D6 (Capital Resources: Personal Investment Firms subject to IPRU (INV) chapter 13) of the form is deleted in its entirety. The deleted text is not shown.

[*Editor's Note*: The deletion of Section D6 of SUP 16 Annex 18BG (Notes for Completion of the Retail Mediation Activities Return ('RMAR')) formally completes the removal from the Handbook of that Section initiated by Instrument 2015/57]

Amend SUP 16 Annex 18B (Notes for Completion of the Retail Mediation Activities Return ('RMAR')) as shown.

**16**            **NOTES FOR COMPLETION OF THE RETAIL MEDIATION ACTIVITIES**  
**Annex**       **RETURN ('RMAR')**  
**18BG**

...

**Section D6: Capital Resources – Personal Investment Firms subject to IPRU(INV)**  
**chapter 13**

Base requirement	<p>The minimum capital resources requirement for a firm is set out in <i>IPRU(INV)</i> 13.3.2R(2).</p> <p>Firms must be aware of the Transitional Provisions in <i>IPRU(INV)</i> Chapter 13.</p>
Expenditure based requirement	<p>The requirement is calculated as 1/4 of the firm's fixed annual expenditure as required by <i>IPRU(INV)</i> 13.3.2R(1).</p> <p>For the purposes of the calculation fixed expenditure is that which is inelastic relative to fluctuations in the <i>firm's</i> level of business. Fixed expenditure is likely to include most salaries and staff costs, office rent, payment for the rent or lease of office equipment, and insurance premiums. It may be viewed as the amount of funds which a <i>firm</i> would require to enable it to cease business in an orderly manner, should the need arise. Staff bonuses, <i>employees</i> and <i>directors'</i> profit shares, some interest charges, shared commission and fees payable, emoluments of directors, partners or a sole trader, and other variable expenditure can be deducted for the purposes of the calculation, but the <i>firm</i> will need to identify for itself which costs amount to fixed expenditure.</p> <p><i>Firms</i> must be aware of the Transitional Provisions in <i>IPRU(INV)</i> Chapter 13.</p>
Capital resources requirement per	<i>Firms</i> are required to meet the capital resources

<del>IPRU(INV) 13.3.2R (higher of above)</del>	<del>requirement which is the higher of: (1) the base requirement; and (2) the expenditure-based requirement.</del>
<del>Additional capital resources requirement for PII (if applicable)</del>	<del>If the <i>firm</i> has increased excesses or exclusions on its PII policies, the total of the additional capital resources requirements required by IPRU(INV) 13.1.23R and 13.1.27R should be recorded here. See also section E of the <i>RMAR</i>.</del>
<del>Other FCA capital resources requirements (if applicable)</del>	<del>The <i>FCA</i> may from time to time impose additional requirements on individual <i>firms</i>. If this is the case for your <i>firm</i>, you should enter the relevant amount here. This excludes capital resources requirements in relation to PII, which are recorded above.</del>
<del>Total capital resources requirement</del>	<del>Appropriate totals from above.</del>
<del>Capital Resources – as below</del>	<del>This field should be filled in using the figure for capital resources as calculated in the second part of this Section.</del>
<del>Surplus/deficit of capital resources</del>	<del>This should show the amount of the <i>firm's</i> capital resources in relation to its capital resources requirement.</del>

**Capital resources calculation – per IPRU(INV) 13.3.10R**

<del>Paid-up share capital excluding preference shares redeemable by shareholders within 2 years</del>	<del>Exclude redeemable preference shares which fall due within two years. If preference shares are not redeemable by the shareholder within 2 years, they must be treated in accordance with 13.3.1R and 13.3.14R.</del>
<del>Eligible LLP members' capital</del>	
<del>Balances on proprietor's or partners' capital and current accounts, less excess LLP members' drawings and excess of current year drawings over current year profits</del>	
<del>Share premium account</del>	
<del>Retained profits (losses) plus current year net profits (losses) plus other</del>	<del>Retained profits (or losses) do not need to be audited and current year net profits (or losses) do not need</del>

reserves	to be verified.
Revaluation reserves	
Subordinated loans	Subject to the limits set out in 13.3.11R to 13.3.14R.
Less: Intangible assets	Deduct intangible assets in full.
Less: Contingent liabilities	Deduct any contingent liability (including the overdraft of any other company that the firm has guaranteed).
Less: Deficiencies in <i>subsidiaries</i>	Include a deduction for the amount by which the liabilities of any <i>subsidiary</i> (excluding its capital and reserves) exceed its tangible assets. This requirement applies only to the extent that the <i>firm</i> has not already made such a provision in its balance sheet.
Less: Non-trade debtors (including from <i>group</i> and <i>connected</i> companies)	Deduct amounts in full.
Less: Trade debtors (including from <i>group</i> and <i>connected</i> companies)	Deduct amounts due and unpaid for more than 90 days.
Less: Land and buildings (net of any liabilities secured by a charge on the assets)	Deduct 30% of the net book value of land and buildings.
Less: <i>Investments</i>	Deduct the applicable percentage for investments as specified in Table 13.3.10.
Less: Accrued income	Deduct amounts receivable after more than 90 days.
Less: Prepayments	Deduct amounts which relate to goods or services to be received or performed after more than 90 days.
Less: <i>Deposits</i>	Deduct amounts other than: (a) cash and balances on current accounts and on deposit accounts with an approved bank or National Savings Bank that can be withdrawn within 90 days; (b) money on deposit with a UK local authority that can be withdrawn within 90 days; (c) money deposited and evidenced by a certificate of tax <i>deposit</i> .
Less: Other illiquid assets	Deduct amounts in full.
Personal assets of <i>partnerships</i> or <i>sole traders</i>	A <i>sole trader</i> or a <i>partnership</i> may include personal assets (based on a current independent valuation) to

	<p><del>make up any shortfall in the required capital resources needed to meet its capital resources requirement. The assets must be discounted by the factors used for the calculations above in this Table and must not be needed to meet liabilities arising from personal activities or another business activity not regulated by the FCA. [deleted]</del></p>
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Amend SUP 16 Annex 38A (Data Items relating to Consumer Credit activities) and SUP 16 Annex 38BG (Notes for completion of Data Items relating to Consumer Credit activities) as shown.

**16 Data Items relating to Consumer Credit activities**  
**Annex 38AR** ...

**CCR008 Credit broking websites**

For each domain name used or owned by the *firm* during the reporting period: ~~[deleted]~~

Domain name	If the <i>firm</i> acquired or first used the domain name during the reporting period, the date of acquisition or first use	If the <i>firm</i> disposed of or ceased using the domain name during the reporting period, the date of disposal or cessation

...

**16 Notes for completion of Data Items relating to Consumer Credit activities**  
**Annex 38BG** ...

**NOTES FOR COMPLETION OF THE DATA ITEMS RELATING TO CONSUMER CREDIT ACTIVITIES**

**Contents**

...

CCR008: Credit broking websites

...

~~**CCR008 — Credit broking websites**~~

~~The purpose of this data item is to give the FCA an understanding of the ownership of websites used by firms undertaking the credit-related regulated activity of credit broking.~~

Where a firm has not acquired or disposed of a domain name in the reporting period, columns B and C should be left blank.

**Column A: Domain name**

A firm should record all website domain names held by it during the reporting period, regardless of whether they were acquired or disposed of during the reporting period.

The domain names should be the full website addresses, beginning with either `http://` or `https://`

For example, `http://www.fca.org.uk`

**Column B: If the firm acquired or first used the domain name during the reporting period, the date of acquisition or first use**

If the website was purchased or used for the first time during the reporting period, the date of this should be entered here. Otherwise, this field should be left blank.

**Column C: If the firm disposed of or ceased using the domain name during the reporting period, the date of disposal or cessation**

If the firm stopped using or sold the website during the reporting period, the date of this should be entered here. Otherwise, this field should be left blank.

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**Part 2: Comes into force on 31 December 2016**



Amend SUP 16 Annex 18AR (Retail Mediation Activities Return ('RMAR')) and SUP 16 Annex 18BG Notes for Completion of the Retail Mediation Activities Return ('RMAR') as shown.

**16 Annex 18AR Retail Mediation Activities Return ('RMAR')**

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**SECTION G: Training & Competence**

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**Mortgages (and second and subsequent charge mortgages)**

A	B	C	D
<b>Independent (Whole of Market plus option of fee-only) <u>Limited</u></b>	<b>Whole of Market (without fee-only option) <u>Unlimited</u></b>	<b>Restricted- Multi-tie</b>	<b>Restricted- Single-tie</b>

**21** Which types of mortgage advice were provided by the firm in the reporting period?

**22** What types of second (and subsequent) charge mortgage advice were provided by the firm in the reporting period?

16 Notes for Completion of the Retail Mediation Activities Return ('RMAR')  
 Annex  
 18BG ...

...

Section G: Training & Competence ('T&C')

...

Mortgages (and second and subsequent charge mortgages)		
<p><b>21 and 22</b></p>	<p>Which types of mortgage advice were provided by the <i>firm</i> in the reporting period?</p> <p>What types of second (and subsequent) charge mortgage advice were provided by the <i>firm</i> in the reporting period?</p>	<p>For each type of advice, the <i>firm</i> should indicate whether or not advice has been provided on that basis / business type.</p> <p><del>In relation to their home finance mediation activities, firms are not required by MCOB 4.4A to use a label to describe the service they provide to customers. In filling out this section they should simply answer "no" for each category relating to their home finance mediation activities.</del></p> <p><b>Independent (whole of market plus option of fee only)</b></p> <p><del>To hold itself out as acting independently, a firm carrying on home finance mediation activity must consider products from across the whole of the market, and offer its clients the opportunity to pay by fee.</del></p> <p><b>Whole of market (without fee only option)</b></p> <p><del>A firm carrying on home finance mediation activity provides whole of market recommendations when it has considered a large number of products that are generally available from the market as a whole.</del></p> <p><b>Restricted — Multi-tie</b></p> <p><del>A firm provides advice on products selected from a limited number of provider firms.</del></p> <p><b>Restricted — Single-tie</b></p> <p><del>A firm provides advice on products selected from one provider firm only.</del></p> <p><u>Firms should refer to MCOB 4.4A when answering these questions.</u></p>

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Section K: Adviser charges

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## Guide for completion of individual fields

In row 1, *firms* should select one of ‘Independent/Restricted/Both/Did not provide advice’ to indicate the type(s) of advice provided by the *firm*. *Firms* providing *independent advice* only should then complete sections 1, 3 and 4. *Firms* providing *restricted advice* only should then complete sections 2, 3 and 4. *Firms* providing both *independent advice* and *restricted advice* should complete all four sections. *Firms* that did not provide advice during the reporting period should select ‘Did not provide advice’ and complete the accounting basis question. Other sections should be left blank.

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Amend SUP 16 Annex 24R (Data items for SUP 16.12) and SUP 16 Annex 25BG (Guidance notes for data items in SUP 16 Annex 24R) as shown.

### 16 Annex Data items for SUP 16.12 24R

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#### FSA019 Pillar 2 information

...

**B**

yes/no

**1** Does either *GENPRU 1.2* or *IFPRU 2* apply to your firm?

...

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

...

#### FSA019 – Pillar 2 questionnaire

...

**1B** Does either *GENPRU 1.2* or *IFPRU 2* apply to your firm?

If you are a *BIPRU firm*, see *GENPRU 1.2.1R* and *GENPRU 1.2.44G* to *GENPRU 1.2.59R*. If you are an *IFPRU investment firm*, see *IFPRU 2.2.45R* to *IFPRU 2.2.49R*. The answer is either ‘Yes’ or ‘No’.

Subsequent sections are only completed if the answer to 1B is ‘Yes’.

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**FSA020 – Balance sheet (ELMIs)**There are no definitions for this data item. [deleted]**FSA020 – Balance sheet (ELMIs) validations****Internal validations**

Data elements are referenced by row then column.

Validation number	Data elements		
1	10A	=	1A+2A+3A+4A+5A+6A+7A+8A+9A
2	12A	≤	11A
3	20A	=	15A+16A+17A+18A+19A
4	23A	=	20A+21A-22A
5	26A	=	24A+25A
6	28A	=	26A+27A
7	29A	=	23A+28A
8			{deleted – replaced by validation 10}
9	33A	=	10A
10	33A	=	11A+13A+14A+20A- 21A+28A+30A+31A+32A
11	22A	≥	6A+8A

**External validations**

Validation number	Data elements		
1	11A	=	FSA022.2A
2	29A	=	FSA022.1A
3	3A	=	FSA025.3A

4	4A	≥	FSA025.3A
5	11A	=	FSA025.5A

### FSA021 – Income statement (ELMis)

There are no definitions for this data item.

### ~~FSA021 – Income statement (ELMis) validations~~

#### ~~Internal validations~~

There are no validations for this data item. [deleted]

### FSA022 – Capital adequacy (ELMis)

There are no definitions for this data item. [deleted]

### ~~FSA022 – Capital adequacy (ELMis) validations~~

#### ~~Internal validations~~

Data elements are referenced first by row then by column.

Validation number	Data element		
1	4A	=	1A/(maximum 2A, 3A)

#### ~~External validations~~

Validation number	Data element		
1	1A	=	FSA020.29A
2	2A	=	FSA020.11A

### FSA023 – Foreign exchange risk (ELMis)

There are no definitions for this data item [deleted]

**FSA023 – Foreign exchange risk (ELMIs) validations****Internal validations**

Data elements are referenced first by row then by column.

Validation number	Data element		
1	9A	=	1A+2A+3A+4A+5A+6A+7A+8A
2	10B	=	1B+2B+3B+4B+5B+6B+7B+8B
3	11C	=	Maximum 9A, 10B
4			[deleted – replaced by validation 5]
5			[deleted – replaced by validation 8]
6	15C	=	13C-12C
7	16C	=	14C-12C
8	12C	=	11C*8%

**FSA024 – Large exposures (ELMIs)**

There are no definitions for this data item [deleted]

**FSA024 – Large exposures (ELMIs) validations****Internal validations**

Validation number	Data element		
1	1BT	=	Σ1B
2	1CT	=	Σ1C

**FSA025 – Liquidity (ELMIs)**

There are no definitions for this data item. [deleted]

**FSA025 – Liquidity (ELMIs) validations****Internal validations**

Data elements are referenced first by row then by column.

Validation number	Data elements		
1			{deleted – see external validation 5}
2	6A	=	4A/5A ( $\geq 1$ )
3			{deleted – see external validation 6}
4			{deleted – replaced by validation 5}
5	4A	$\leq$	1A+2A+3A

**External validations**

Validation number	Data elements		
1	2A	=	FSA020.3A
2			{deleted – replaced by validation 4}
3	5A	=	FSA020.11A
4	3A	$\leq$	FSA020.4A
5	1A	=	FSA020.1A+FSA020.2A
6	4A	=	1A+2A+(min (FSA020.29A*20%), 3A)

...

**FSA032 – Capital Adequacy (for exempt CAD firms subject to IPRU(INV) Chapter 13)**

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Description	Data element	Guidance
...		
<b>Regulatory capital test(s)</b>		
...		
If your firm does not hold a	33A	This is either ‘Yes’ or

<p>Comparable Guarantee or equivalent cover and is not exempt, does the firm currently hold PI?</p>		<p>'No'</p>
<p>...</p>		

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**FSA048 Enhanced Mismatch Report**

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**Completion and submission to the ~~FSA~~ FCA**

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