

**HANDBOOK ADMINISTRATION (NO 44) INSTRUMENT 2017****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 26 January 2017 except Part 2 of Annex E (COBS) which comes into force on 27 March 2017.

**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).

| (1)   | (2)     |
|---|---------|
| Glossary of definitions   | Annex A |
| Training and Competence sourcebook (TC)                             | Annex B |
| General Provisions (GEN)  | Annex C |
| Interim Prudential sourcebook for Investment Businesses (IPRU(INV)) | Annex D |
| Conduct of Business sourcebook (COBS)                               | Annex E |
| Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)   | Annex F |
| Supervision manual (SUP)  | Annex G |
| Credit Unions sourcebook (CREDS)                                    | Annex H |
| Listing Rules sourcebook (LR)                                       | Annex I |

**Amendments to material outside the Handbook**

- E. The Enforcement Guide (EG) is amended in accordance with Annex J to this instrument and the Perimeter Guidance (PERG) is amended in accordance with Annex K.

**Notes**

- F. 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**

- G. This instrument may be cited as the Handbook Administration (No 44) Instrument 2017.

By order of the Board  
25 January 2017

## Annex A

## Amendments to the Glossary of definitions

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

*online notification and application system* the FCA's and the PRA's online notification and applications system, by whatever name known.

[Note: before 1 October 2014 this was known as ONA, and from 1 October 2014 it has been known as the CONNECT system [https://connect.fca.org.uk/firms/aupo\\_sitelogin](https://connect.fca.org.uk/firms/aupo_sitelogin)]

Amend the following definitions as shown. Underlining indicates new text and striking through indicates deleted text.

*competent employees rule* (a) for a ~~firm which is not a common platform firm~~ an insurer, a managing agent and the Society, SYSC 3.1.6R ;  
 (b) for a common platform firm, SYSC 5.1.1R; and  
 (c) for every other firm, SYSC 5.1.1R (where it applies).

*Market Abuse Regulation* ~~regulation~~ Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing ~~the Market Abuse Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.~~

Delete the following definition. The text is not shown struck through.

*ONA* the *appropriate regulator's* online notifications and applications system, by whatever name known.

## Annex B

## Amendments to Training and Competence sourcebook (TC)

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

## App 6 Accredited bodies

## App 6.1 Accredited bodies

## 6.1.1G

|  |   |
|--|---|
| ...  |   |
| Carrying out effective verification services |   |
| ...  |   |
| 14.  | <p>The <i>FCA</i> will expect an <i>accredited body</i> to make it a contractual condition of membership (where a <i>retail investment adviser</i> is a member of the <i>accredited body</i>) or of using its verification service (where a <i>retail investment adviser</i> is not a member of the <i>accredited body</i>) that, as a minimum, the <i>accredited body</i> will not continue to verify a <i>retail investment adviser's</i> standards. <del>The <i>FCA</i> will also expect an <i>accredited body</i> to</del> <u>and will</u> withdraw its statement of professional standing if it is provided with :</p> <p>(a) false information in relation to a <i>retail investment adviser's</i> qualifications or continuing professional development ; or</p> <p>(b) a false declaration in relation to a <i>retail investment adviser's</i> compliance with <i>APER</i> ; or ;</p> <p>(c) for a <i>relevant authorised person</i>, compliance with <i>COCON</i>.</p> <p>In this regard, an <i>accredited body</i> must have in place appropriate decision-making procedures with a suitable degree of independence and transparency.</p> |
| ...  |   |

## Annex C

## Amendments to the General Provisions (GEN)

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

## 2 Interpreting the Handbook

...

### 2.2 Interpreting the Handbook

...

Application of provisions ~~made by both the FCA and the~~ where there are commensurate PRA provisions

2.2.23 R (1) This *rule* applies to *Handbook* provisions ~~made by both the FCA and the PRA, and to *Handbook* provisions made by the FCA~~ where the *PRA* have made commensurate provisions in the *PRA* Rulebook. It may affect their application by the *FCA* to *PRA-authorised persons* and *PRA approved persons*, ~~and may affect their application by the PRA to any *authorised person* or *approved person*.~~

(2) Where a *Handbook* provision (or part of one) goes beyond the *FCA's* ~~or *PRA's*~~ powers or regulatory responsibilities, it is to be interpreted as applied ~~by that regulator~~ to the extent of ~~that regulator's~~ the *FCA's* powers and regulatory responsibilities only.

(3) The extent of a *Handbook* provision is to be interpreted as cut back under ~~GEN 2.2.23R~~ (2) by the minimum degree necessary.

(4) ~~Where a *Handbook* provision (or part of one) made by the *PRA* has been superseded by a provision in the *PRA* Rulebook, the *Handbook* provision is to be interpreted as a reference to the *PRA* Rulebook provision, unless the context otherwise requires. [deleted]~~

...

2.2.25 G ~~Examples~~ An example of rules a *rule* being interpreted as cut back by GEN 2.2.23R include the following: is SYSC 6.1.1R, which requires a *firm* to maintain adequate policies and procedures to ensure compliance with its obligations under the *regulatory system*; SYSC 6.1.1R should be interpreted as applied by the *FCA* in respect of a *PRA-authorised person's* compliance with regulatory obligations that are the responsibility of the *FCA* (for example, in respect of a *bank* maintaining policies and procedures to ensure compliance with banking conduct requirements in *BCOBS*).

...

- (2) ~~SYSC 6.1.1R requires a *firm* to maintain adequate policies and procedures to ensure compliance with its obligations under the regulatory system; SYSC 6.1.1R should be interpreted: [deleted]~~
- (a) ~~as applied by the *FCA* in respect of a *PRA authorised person's* compliance with regulatory obligations that are the responsibility of the *FCA* (for example, in respect of a *bank* maintaining policies and procedures to ensure compliance with banking conduct requirements in *BCOBS*); and,~~
- (b) ~~as applied by the *PRA* in respect of a *PRA authorised person's* compliance with those regulatory obligations that are the responsibility of the *PRA* (for example, in respect of a *bank* maintaining policies and procedures to ensure compliance with financial resources requirements in the *PRA* Rulebook and the *EU CRR*).~~
- (3) ~~COMP 5.2.1R sets out types of *protected claims* to be covered by the *FSCS*. The powers of the *FCA* to make this type of *rule* are set out in the order made under section 213(A) of the *Act*. The *rule* must be read as applying only to the extent of those powers. For example, the *FCA* has no power to make COMP 5.2.1R(1) as creating *protected claims* for a *protected deposit*. As such, these provisions are to be interpreted as not applied by the *FCA*. [deleted]~~

...

## 6 Insurance against financial penalties

### 6.1 Payment of financial penalties

#### Application

- 6.1.1 R This chapter applies to every *firm*, but only with respect to business that can be regulated under ~~sections~~ section 137A (The *FCA's* general rules) ~~and 137G~~ (The *PRA's* general rules) of the *Act*.

...

#### Interpretation

- 6.1.4 R In this chapter 'financial penalty' means a financial penalty that the ~~appropriate regulator~~ *FCA* has imposed, or may impose, under the *Act*. It does not include a financial penalty imposed by any other body.

#### Payment of a penalty imposed on an employee

- 6.1.4A R No *firm*, except a *sole trader*, may pay a financial penalty imposed by the ~~appropriate regulator~~ *FCA* on a present or former *employee, director* or

*partner of the firm or of an affiliated company.*

Insurance against financial penalties

...

- 6.1.7 G *GEN 6.1.4AR, GEN 6.1.5R and GEN 6.1.6R do not prevent a firm or member from entering into, arranging, claiming on or making any payment under a contract of insurance which indemnifies any person against all or part of the costs of defending ~~appropriate regulator~~ FCA enforcement action or any costs they may be ordered to pay to the ~~appropriate regulator~~ FCA.*

## Annex D

### Amendments to the Interim Prudential sourcebook for Investment Businesses (IPRU(INV))

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

#### 5 Financial resources

##### 5.1 Application

...

##### Interpretation

- 5.1.4 G The definitions in the glossary at *IPRU(INV) 5* Appendix 1 apply to terms shown in **bold** type this chapter (other than headings and titles). Where the term is italicised, the *FCA Handbook Glossary* definition applies.

...

#### 12 Financial resources requirements for operators of electronic systems in relation to lending

##### 12.1 Application and purpose

...

- 12.1.2 G This chapter amplifies the *threshold conditions 2D* (Appropriate resources) by providing that a *firm* must meet, on a continuing basis, a basic solvency requirement. This chapter also builds on *Principle 4* which requires a *firm* to maintain adequate ~~financial resources~~ **financial resources** by setting out appropriate requirements for a *firm* according to what type of *firm* it is.

...

- 12.1.4 G More generally, having adequate ~~financial resources~~ **financial resources** gives the *firm* a degree of resilience and some indication to consumers of creditworthiness, substance and the commitment of its owners. The *rules* in this chapter aim to ensure that a *firm* has ~~financial resources~~ **financial resources** which can provide cover for operational and compliance failures and pay redress, as well as reducing the possibility of a shortfall in funds and providing a cushion against disruption if the *firm* ceases to trade.

...

##### Actions for damages



12.1.6 R ...

Interpretation

12.1.7 G The definitions in the glossary at IPRU(INV) 12 Appendix 1 apply to terms shown in **bold** type this chapter. Where the term is italicised, the *FCA Handbook Glossary* definition applies.

## 12.2 Financial resources requirements

...

### General financial resource requirement

12.2.2 R A *firm* must ensure that at all times its *financial resources* **financial resources** are not less than its *financial resources requirement* **financial resources requirement**.

### Financial resources requirement: firms carrying on other regulated activities

12.2.3 R The *financial resources requirement* **financial resources requirement** for a *firm* carrying on one or more *regulated activities* in addition to operating an electronic system in relation to lending, is the higher of:

- (1) the *financial resources requirement* **financial resources requirement** which is applied by this chapter; and
- (2) the financial resources or own funds requirement which is applied by another *rule* or by directly applicable legislation of the *EU* to the *firm*.

...

12.2.6 R The *financial resources requirement* **financial resources requirement** for a *firm* to which this chapter applies is the higher of:

...

12.2.7 R To determine a *firm's financial resources requirement* **financial resources requirement** for the period beginning on the date on which it obtains a *Part 4A permission* and ending on the *day* before its next *accounting reference date*, the *firm* must carry out the calculation in *IPRU(INV) 12.2.4R(2)* on the basis of the total value of *loaned funds* the *firm* projects will be outstanding on the *day* before its next *accounting reference date*.

### Determining the financial resources requirement

12.2.8 G If the *firm* has 30,000 individuals each lending £100,000, the total value of the ~~firm's~~ *firm's loaned funds* outstanding is £3,000,000,000. If the

*firm* does not carry on any other *regulated activity* to which another higher financial resources or own funds requirement applies, its ~~financial resources requirement~~ **financial resources requirement** is £1,900,000. This is calculated as follows:

...

Recalculating the financial resources requirement

- 12.2.9 R If the *firm* experiences a greater than 25% increase in the total value of *loaned funds* outstanding compared to the value used in its last ~~financial resources requirement~~ **financial resources requirement** calculation, it must recalculate its ~~financial resources requirement~~ **financial resources requirement** using the higher total value of *loaned funds* outstanding.
- 12.2.10 R A *firm* must notify the *FCA* of any change, or any likely change, in its ~~financial resources requirement~~ **financial resources requirement** within 14 *days* of that change, or it becoming aware that the change is likely, whichever is the earlier.

**12.3 Calculation of financial resources**

- 12.3.1 R (1) A *firm* must at all times have available the amount and type of ~~financial resources~~ **financial resources** required by this chapter (see *IPRU(INV)* 12.3.2R).
- (2) In arriving at its calculation of its ~~financial resources~~ **financial resources**, a *firm* must deduct certain items (see *IPRU(INV)* 12.3.3R).

12.3.2 R Table: Items which are eligible to contribute to the financial resources of a firm

|     | Item | Additional explanation   |  |
|-----|------|--|--|
| ... |      |  |  |
| 2.  | ...  | ...  |  |
|     |      | (1)  | ...  |
|     |      | (2)  | current accounts according to the most recent financial statement. |
|     |      | For the purpose of the calculation of <del>financial resources</del> <b>financial resources</b> , in respect of a <i>defined benefit occupational pension scheme</i> : |  |

|     |                              |   |  |
|-----|------------------------------|---|--|
|     |                              | ...   |  |
| 3.  | ...                          | ...   |  |
|     |                              | For the purposes of calculating <i>financial resources</i> <b>financial resources</b> , a <i>firm</i> must make the following adjustments to its reserves, where appropriate:   |  |
|     |                              | ...   |  |
| 4.  | Interim net profits (Note 1) | If a <i>firm</i> seeks to include interim net profits in the calculation of its <i>financial resources</i> <b>financial resources</b> , the profits have, subject to Note 1, to be verified by the <i>firm's</i> external auditor, net of tax, anticipated dividends or proprietors' drawings and other appropriations. |  |
| ... |                              |   |  |
| 6.  | Subordinated loans/debt      | Subordinated loans/debt must be included in <del>financial resources</del> <b>financial resources</b> on the basis of the provisions in this chapter that apply to subordinated loans/debt.   |  |
| ... |                              |   |  |

...

## Subordinated loans/debt

- 12.3.4 R A subordinated loan/debt must not form part of the *financial resources* **financial resources** of the *firm* unless it meets the following conditions:

...

- 12.3.5 R When calculating its *financial resources* **financial resources**, the *firm* must exclude any amount by which the aggregated amount of its subordinated loans/debts exceeds the amount calculated as follows:

|     |   |   |
|-----|---|---|
| ... |   |   |
| a   | = | Items 1 - 5 in the table of items which are eligible to contribute to a <i>firm's</i> <i>financial resources</i> <b>financial resources</b> (see <i>IPRU-INV</i> 12.3.3R) |
| b   | = | Items 1 - 5 in the table of items which must be deducted from a <i>firm's</i> <i>financial resources</i> <b>financial resources</b> (see <i>IPRU-INV</i> 12.3.3R)         |

12.3.6

G

...

(±)

|  |     |
|--|-----|
| ...  | ... |
| As subordinated loans/debts (£10,000) are less than the total of share capital + reserves – intangible assets (£40,000) the <i>firm</i> need not exclude any of its subordinated loans/debts pursuant to <i>IPRU-INV</i> 12.3.5R. Therefore, total <i>financial resources</i> <b><u>financial resources</u></b> will be £50,000.   |     |
| ...  | ... |
| As subordinated loans/debts (£60,000) exceed the total of share capital + reserves – intangible assets (£40,000) by £20,000, the <i>firm</i> should exclude £20,000 of its subordinated loans/debts when calculating its <i>financial resources</i> <b><u>financial resources</u></b> . Therefore, total <i>financial resources</i> <b><u>financial resources</u></b> will be £80,000. |     |

## 12.4

## Notification requirements

12.4.1

G

| Handbook reference       | Matter to be notified  | Contents of notification   | Trigger event  | Time allowed                               |
|--------------------------|--|--|--|--|
| <i>IPRU-INV</i> 12.2.10R | A change or likely change, in a <i>firm's</i> <i>financial resources requirement</i> . <b><u>financial resources requirement</u></b> | The <i>financial resources requirement</i> <b><u>financial resources requirement</u></b> as recalculated | A greater than 25% increase in the <i>firm's</i> total value of the amount of <i>loaned funds</i> outstanding compared to the value used in its last <i>financial resources requirement</i> <b><u>financial resources requirement</u></b> calculation. | Within 14 <i>days</i> of the trigger event |

12

Terms

Appendix 1

12 App If a defined term does not appear in the *IPRU(INV)* glossary below, the  
1.1G definition appearing in the main *Handbook Glossary* applies.

|  |   |
|--|---|
| financial resources  | a <del>firm's</del> <i>firm's</i> financial resources as calculated in accordance with <i>IPRU(INV)</i> 12.3 (Calculation of financial resources).  |
| financial resources <i>requirement</i><br><u>requirement</u> | an amount of <del>financial resources</del> <b><u>financial resources</u></b> that a <i>firm</i> must hold as set out in <i>IPRU(INV)</i> 12.2 (Financial resources <del>requirements</del> <u>requirements</u> ) |

### 13 Financial Resource Requirements for Personal Investment Firms

#### 13.1 Application, General Requirements and Professional Indemnity Insurance Requirements

...

~~GENERAL CAPITAL RESOURCES AND SOLVENCY REQUIREMENTS~~  
General capital resources and solvency requirements

13.1.4 R ...

~~CAPITAL RESOURCES: GENERAL ACCOUNTING PRINCIPLES~~ Capital resources: general accounting principles

13.1.4A R ...

Requirement to ~~Hold Professional Indemnity Insurance~~ hold professional indemnity insurance

13.1.5 R ...

...

Comparable ~~Guarantee~~ guarantee

13.1.7 R ...

...

Policy ~~Terms~~ terms

13.1.9 R ...

Limits of ~~Indemnity~~ indemnity

...

13.1.11 R ...

[**Note:** Article 67(3) of *MiFID* and article 31(1) of the *CRD* (see also ~~rule~~  
*IPRU(INV)* 13.1A.3R)]

13.1.12 R ...

[**Note:** Article 67(3) of *MiFID* and article 31(2) of the *CRD* (see also ~~rule~~  
*IPRU(INV)* 13.1A.4R)]

...

Policies ~~Providing~~ providing for more than one ~~Firm~~ firm

13.1.18 R ...

Limits of ~~Indemnity—Additional Requirements~~ indemnity – additional requirements

13.1.19 R ...

...

Additional ~~Capital Resources—Exclusions~~ capital resources - exclusions

13.1.23 R ...

...

Excess ~~Level~~ level

13.1.25 R ...

...

Additional ~~Capital Resources—Excess~~ capital resources - excess

13.1.27 R ...

Notification ~~Requirements~~ requirements

...

## **13.1A Financial Capital resources and professional indemnity insurance requirements for an exempt CAD firm**

...

Requirement to hold initial capital and professional indemnity insurance

...

13.1A.3 R (1) ...

- (b) professional indemnity insurance at least equal to the requirements of IPRU(INV) 13.1.11R and IPRU(INV) 13.1.15R to IPRU(INV) 13.1.27R; or

...

[**Note:** Article 67(3) of *MiFID* and article 31(1) of the *CRD* (see also ~~rule~~ IPRU(INV) 13.1.11R)]

...

13.1A.4 R (1) A *firm* that is also an *IMD insurance intermediary* must have professional indemnity insurance at least equal to the limits set out in IPRU(INV) 13.1.10R and in addition must have:

- (a) ...
- (b) professional indemnity insurance at least equal to the requirements of IPRU(INV) 13.1.12R and IPRU(INV) 13.1.15R to IPRU(INV) 13.1.27R; or

- (c) ...

[**Note:** Article 67(3) of *MiFID* and article 31(2) of the *CRD* (see also ~~rule~~ IPRU(INV) 13.1.12R)]

...

...

## Annex E

## Amendments to the Conduct of Business sourcebook (COBS)

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

## Part 1: Coming into force on 26 January 2017

## 3 Client categorisation

...

## 3.6 Eligible counterparties

...

Per se eligible counterparties

- 3.6.2 R Each of the following is a *per se eligible counterparty* (including an entity that is not from an *EEA ~~state~~ State* that is equivalent to any of the following) unless and to the extent it is given a different categorisation under this chapter:

...

## 14 Providing product information to clients

...

## 14.2 Providing product information to clients

...

Provision of a generic key features illustration

- 14.2.1B R When the *rules* in this chapter require the offer or provision of a *key features illustration*, a *firm* may provide a *generic key features illustration* if that *generic key features illustration* has been prepared in accordance with *COBS 13.4.2R*.

Provision of information: other requirements

- 14.2.1C R A *firm* that arranges to start the facilitation of, or an increase in, an *adviser charge* or *consultancy charge* from an in-force *packaged product*, must provide to the *retail client* sufficient information for the *retail client* to be able to understand the likely effect of that facilitation.



...

## 22 Providing product information to clients

### 22.1 Temporary restrictions on contingent convertible instruments [expired]

#### 22.1.1 [expired]

##### Exemptions

#### 22.1.2 R

| Title                                  | Type of retail client   | Additional conditions  |
|--|---|--|
| Certified high net worth investors     | An individual who meets the requirements set out in <i>COBS 4.12.6R</i> , or a <i>person</i> (or <i>persons</i> ) legally empowered to make investment decisions on behalf of such individual.  | The <i>firm</i> must consider the <i>contingent convertible instrument</i> is likely to be suitable for that individual, based on a preliminary assessment of that individual's profile and objectives. (See <i>COBS 4.12.5G(2)</i> .) |
| Exempt persons                         | An exempt <i>person</i> (other than a <i>person</i> exempted only by section 39 of the <i>Act</i> (Exemption of appointed representative)) if the activity relates to a <i>regulated activity</i> in respect of which the <i>person</i> is exempt from the <i>general prohibition</i> . | Not applicable.  |
| Certified sophisticated investors      | An individual who meets the requirements set out in <i>COBS 4.12.7R</i> , including an individual who is legally empowered (solely or jointly with others) to make investment decisions on behalf of another <i>person</i> who is the <i>firm's client</i> .                            | Not applicable.  |
| Self-certified sophisticated investors | An individual who meets the requirements set out in <i>COBS 4.12.7R</i> , including an individual who is  | Not applicable.  |

|  |  |   |
|--|--|---|
|  | legally empowered (solely or jointly with others to make investment decisions on behalf of another <i>person</i> who is the <i>firm's client</i> ).  |   |
| Self-certified sophisticated investors | An individual who meets the requirements set out in COBS 4.12.8R, including an individual who is legally empowered (solely or jointly with others) to make investment decisions on behalf of another <i>person</i> who is the <i>firm's client</i> . | The <i>firm</i> must consider the <i>contingent convertible instrument</i> is likely to be suitable for that individual, based on a preliminary assessment of that individual's profile and objectives. (See COBS 4.12.5G(2).)  |
| Solicited advice                       | <del>Any <i>retail client</i>.</del>   | <p>The prohibition does not apply provided all of the following requirements are met:</p> <p>(a) there is no <i>financial promotion</i> other than a <i>personal recommendation</i> on the <i>contingent convertible instrument</i>;</p> <p>(b) the <i>personal recommendation</i> is made following a specific request by that <i>client</i> for advice on the merits of investing in the <i>contingent convertible instrument</i>; and</p> <p>(c) the <i>client</i> has not previously received a <i>financial promotion</i> or any other communication from the <i>firm</i> (or from a <i>person</i> connected to the <i>firm</i>) which is intended to influence the <i>client</i> in relation to investment in <i>contingent convertible</i></p> |

|   |                           |  |
|---|---------------------------|--|
|   |                           | <i>instruments.</i> (See Note 1.)  |
| <i>MiFID or equivalent third country business other than financial promotions</i> | <i>Any retail client.</i> | If the prohibited activities amount to <i>MiFID or equivalent third country business</i> , that rule only applies to the extent that the prohibited activity is the <i>communication or approval of a financial promotion.</i>   |
| Prospectus  | <i>Any retail client.</i> | The prohibition does not apply to the distribution of a prospectus required under the <i>Prospectus Directive.</i>   |
| Issuers   | <i>Any retail client</i>  | To the extent that the <i>firm</i> is acting as issuer of a <i>contingent convertible instrument</i> , the prohibition only applies to the original issuance of the <i>contingent convertible instrument</i> and not to subsequent trading in the secondary market.  |
| Clearing, custodial and processing services                                       | <i>Any retail client</i>  | The prohibition does not apply to the extent that the <i>firm's</i> activities relate to clearing, registration or settlement of transactions in <i>contingent convertible instruments</i> (or rights to or interests in such instruments), any back office processing or reporting of such transactions, or custody of <i>contingent convertible instruments.</i> |

|                     |   |   |
|---------------------|---|---|
| Indirect investment | Any <i>retail client</i>  | The prohibition does not apply in relation to a beneficial interest in a <i>contingent convertible instrument</i> held from participation in a <i>regulated collective investment scheme</i> , investment in a <i>non-mainstream pooled investment</i> , or membership of an <i>occupational pension scheme</i> . |
| Note 1              | A <i>person</i> is connected with a <i>firm</i> if it acts as an <i>introducer</i> or <i>appointed representative</i> for that <i>firm</i> or, if it any other <i>person</i> , regardless of <i>authorisation</i> status, who has a relevant business relationship with the <i>firm</i> . |   |
| Note 2              | See <i>COBS 2.4</i> for rules and guidance on agent as <i>client</i> and reliance on others.  |   |

- 22.1.3 R (1) For the purposes of compliance with this section and with any assessments or certifications required by the exemptions set out in *COBS 22.1.2R*, any references in *COBS 4.12* provisions to *non-mainstream pooled investments* must be read as though they are references to *contingent convertible instruments*.
- (2) If the *firm* is relying on the high net worth investor exemption, the sophisticated investor exemption or the self-certified sophisticated investor exemption for the purposes of compliance with *COBS 22.1.1R*, the statement the investor must sign should have references to *non-mainstream pooled investments* replaced with references to *contingent convertible instruments*.
- (3) The *firm* must give the *retail client* a written copy of any statements that individual has been asked to sign as part of certification as a high net worth, sophisticated or self-certified sophisticated investor for the purposes of compliance with *COBS 22.1.1R*.
- 22.1.4 R If a *firm* ~~communicates or approves~~ an invitation or inducement to acquire or underwrite a *contingent convertible instrument* or rights to interests in that instrument) which is addressed to, or disseminated in such a way that it is likely to be received by, a *retail client*, it must comply with the record-keeping requirements in *COBS 4.11.1R*, adapted as follows:
- (1) references to *non-mainstream pooled investments* should be read as references to *contingent convertible instruments*; and

- (2) references to ~~COBS 4.12.3R~~ should be read as references to ~~COBS 22.1.1R~~.

## TP 2 Other Transitional Provisions

| (1)   | (2)  | (3) | (4)   | (5)                                    | (6)                                    |
|-------|--|-----|---|--|--|
|       | Material to which the transitional provision applies |     | Transitional provision  | Transitional provision: dates in force | Handbook provisions: coming into force |
| ...   |  |     |   |  |  |
| 2.2A  | COBS 6.1E  | R   | <i>A platform service provider may continue to accept remuneration in relation to a retail investment product transaction which was executed on or before 5 April 2014: [expired]</i> | From 6 April 2014 to 5 April 2016      | 6 April 2014                           |
|       |  |     | (1) if, after 5 April 2014, no change is made to that product or the investment held in that product; or  |  |  |
|       |  |     | (2) where there is such a change on or after 6 April 2014, only in relation to the unchanged part of that product.  |  |  |
| 2.2AA | COBS 6.1E  | G   | <i>The platform service provider may be remunerated by way of a platform change for the changed part of that product. [expired]</i>   | From 6 April 2014 to 5 April 2016      | From 6 April 2014 to 5 April 2016      |
| 2.2AB | COBS 6.1E  | G   | <i>The following examples do not entail changes to the retail investment product: [expired]</i>   | From 6 April 2014 to 5 April 2016      | From 6 April 2014 to 5 April 2016      |

|       |           |   |   |                                   |                                   |
|-------|-----------|---|---|-----------------------------------|-----------------------------------|
|       |           |   | (1) regular contributions to or a reinvestment of dividends from a <i>retail investment product</i> following instructions given on or before 5 April 2014;   |                                   |                                   |
|       |           |   | (2) a rebalancing of the <i>retail investment product</i> following instructions given on or before 5 April 2014.   |                                   |                                   |
| 2.2AC | COBS 6.1E | G | Examples of changes to the <i>retail investment product</i> are: <u>expired</u>   | From 6 April 2014 to 5 April 2016 | From 6 April 2014 to 5 April 2016 |
|       |           |   | (1) the <i>retail client's</i> investment in, or regular contribution to the relevant <i>retail investment product</i> is increased following instructions given on or after 6 April 2014. The <i>platform service provider</i> can continue to receive remuneration in relation to the amounts invested by the <i>retail client</i> following instructions given on or before 5 April 2014 but not in relation to any additional amounts invested by the <i>retail client</i> following instructions given on or after 6 April 2014. |                                   |                                   |
|       |           |   | (2) the <i>retail client's</i> investment is switched between <i>retail investment products</i> held by the <i>platform service provider</i> following instructions given on or after 6   |                                   |                                   |

|      |              |   |   |                                    |              |
|------|--------------|---|---|------------------------------------|--------------|
|      |              |   | April 2014. This includes switching between funds within a <i>retail investment product</i> such as a <i>SIPP</i> or a <i>retail investment product wrapper</i> such as an <i>ISA</i> .   |                                    |              |
|      |              |   | (3) the re-registration of the <i>retail client's retail investment product</i> to another <i>platform service provider</i> following instructions given on or after 6 April 2014.  |                                    |              |
| ...  |              |   |   |                                    |              |
| 2.8F | COBS 19.4.3R | R | (1) Where a <i>firm</i> has provided the <i>retail client</i> with an open market option statement in accordance with COBS 19.4.2R but has not provided a six-week reminder before 6 April 2015, the rules in COBS 19.4.3R do not apply. [expired]  | From 6 April 2015 to 5 August 2016 | 6 April 2015 |
|      |              |   | (2) Where (1) applies, the <i>firm</i> must:<br><br>(a) tell the <i>client</i> what sum of money will be available to exercise open market options; and<br><br>(b) provide the <i>client</i> with the fact sheet "Your pension: it's time to choose" available on <a href="http://www.moneyadvice.service.org.uk">www.moneyadvice.service.org.uk</a> or a statement in a <i>durable medium</i> that gives materially the same information;<br><br>(c) provide the <i>client</i> |                                    |              |

|     |  |  |   |  |  |
|-----|--|--|---|--|--|
|     |  |  | <p>with a clear and prominent statement about the availability of the pensions guidance including:</p> <p>(i) how to access the pensions guidance and its contact details;</p> <p>(ii) that the pensions guidance can be provided on the internet, telephone, or face to face;</p> <p>(iii) that the pensions guidance is a free impartial service to help <i>consumers</i> to understand their options at retirement; and</p> <p>(iv) a recommendation that the <i>client</i> seeks appropriate guidance or advice to understand their options at retirement;</p> <p>at least six weeks before the <i>client's</i> intended retirement date.</p> |  |  |
|     |  |  | <p>(3) If a <i>firm</i> has provided the <i>retail client</i> with a version of the fact sheet “Your pension: it’s time to choose” available on <a href="http://www.moneyadvice.service.org.uk">www.moneyadvice.service.org.uk</a> dated June 2014 or later, or a statement in a <i>durable medium</i> that gives materially the same information, the requirement in (2)(b) does not apply.</p>  |  |  |
| ... |  |  |   |  |  |



**Part 2: Coming into force on 27 March 2017****6 Information about the firm and compensation information**

...

**6.2A Describing advice services**

...

Firms holding themselves out as independent

6.2A.3 R ...

- (2) Paragraph (1) does not apply to *group personal pension schemes* if a *firm* discloses information to a *client* in accordance with the *rule* on *group personal pension schemes* (~~COBS 6.3.21R~~ COBS 6.1C.20AR).

...

**18 Specialist Regimes**

...

**18.1 Trustee Firms**

...

Application of COBS to trustee firms

18.1.2 R The provisions of *COBS* in the table do not apply to a *trustee firm* to which this section applies:

| COBS           | Description   |
|----------------|---|
| ...            |   |
| <del>6.3</del> | <del>Disclosing information about services, fees and commission — packaged products</del> |
| ...            |   |

...

**18.2 Energy market activity and oil market activity – MiFID business**

Energy market activity and oil market activity – MiFID business

18.2.1 R The provisions of *COBS* in the table do not apply to any *energy market*

---

*activity or oil market activity carried on by a firm which is MiFID or equivalent third country business:*

| COBS | Description   |
|------|---|
| ...  |   |
| 6.3  | <del>Disclosing information about services, fees and commission — packaged products</del> |
| ...  |   |

...

### 18.3 Corporate finance business

Corporate finance business – MiFID business

- 18.3.1 R The provisions of *COBS* in the table do not apply in respect of any *corporate finance business* carried on by a *firm* which is *MiFID* or *equivalent third country business*:

| COBS | Description   |
|------|---|
| ...  |   |
| 6.3  | <del>Disclosing information about services, fees and commission — packaged products</del> |
| ...  |   |

...

### 18.4 Stock lending activity

- 18.4.1 R The provisions of *COBS* in the table do not apply to any *stock lending activity* carried on by a *firm* which is *MiFID* or *equivalent third country business*:

| COBS | Subject   |
|------|---|
| ...  |   |
| 6.3  | <del>Disclosing information about services, fees and commission — packaged products</del> |
| ...  |   |

...

## Annex F

### Amendments to the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)

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

#### 3A Financial promotions and communications with customers

...

#### 3A.5 MCD financial promotions

3A.5.1 R (1) When *communicating* or *approving* a *financial promotion* concerning an *MCD regulated mortgage contract* which indicates an interest rate or any figures relating to the cost of the *credit* to the *consumer*, a *firm* must ensure that the *financial promotion* includes standard information which specifies in a clear, concise and prominent way:

- (a) the identity of the *MCD creditor* or, where applicable, the ~~*credit intermediary*~~ *MCD mortgage credit intermediary* or *appointed representative*;

...

...

...

## Annex G

### Amendments to the Supervision manual (SUP)

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

#### 6 Applications to vary and cancel Part 4A permission and to impose, vary or cancel requirements

...

#### 6.3 Applications for variation of permission and/or imposition, variation or cancellation of requirements

...

The application for variation of permission and/or imposition, variation or cancellation of requirements

6.3.15 D (1) Subject to (1A), a *firm* other than a *credit union* wishing to make an application under SUP 6 must apply online using the form specified on the ~~ONA~~ online notification and application system.

...

(4) Where a *firm* is obliged to submit any form, notice or application online under (1), if the ~~ONA~~ online notification and application system information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored a *firm* must submit any form, notice or application by using the form in SUP 6 Ann 5D and submitting it in the way set out in SUP 15.7.4R to SUP 15.7.9G (Form and method of notification).

6.3.15A G (1) If the ~~ONA systems fail~~ online notification and application system fails and online submission is unavailable for 24 hours or more, the relevant regulator will endeavour to publish a notice on its website that online submission is unavailable and that the alternative methods of submission set out in SUP 6.3.15D(4) and SUP 15.7.4R to SUP 15.7.9G (Form and method of notification) should be used.

...

...

#### 6.4 Applications for cancellation of permissions

...

The application for cancellation of permission

- 6.4.5 D (1) Subject to (1A), a *firm* other than a *credit union* wishing to cancel its *Part 4A permission*, must apply online at the *appropriate regulator* website using the form specified on the ~~*ONA system*~~ *online notification and application system*.
- ...
- (5) Where a *firm* is obliged to submit any form, notice or application online under (1), if the ~~*ONA systems fail*~~ *online notification and application system fails* and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored a *firm* must submit any form, notice or application by using the form in SUP 6 Annex 6D and submitting it in the way set out in SUP 15.7.4R to SUP 15.7.9G (Form and method of notification).
- 6.4.5A G (1) If the ~~*ONA systems fail*~~ *online notification and application system fails* and online submission is unavailable for 24 hours or more, the relevant regulator will endeavour to publish a notice on its website confirming that online submission is unavailable and that the alternative methods of submission set out in SUP 6.4.5D(5) and SUP 15.7.4R to SUP 15.7.9G (Form and method of notification) should be used.
- ...

10A FCA Approved Persons

10A.12 Procedures relating to FCA-approved persons

10A.12.2 G Table: FCA-approved persons forms

| Form                |   | Purpose   | Handbook requirement |
|---------------------|---|---|----------------------|
| the relevant Form A | The relevant online form on the <i>FCA</i> and <i>PRA</i> 's <del><i>ONA system</i></del> <u><i>online notification and application system</i></u> or the | Application to perform controlled functions under the approved persons regime | SUP 10A.13.3D        |

|        |   |  |               |
|--------|---|--|---------------|
|        | form in SUP 10A Annex 4D (See Note)   |  |               |
| ...    |   |  |               |
| Form E | The relevant online form on the <i>FCA</i> and <i>PRA's ONA system</i> <u>online notification and application system</u> or the form in SUP 10A Annex 8D (See Note) | Internal transfer of an <i>approved person</i> | SUP 10A.14.4D |
| ...    |   |  |               |

...

## 10A.16 How to apply for approval and give notifications

10A.16.1 D (1) ...

(2) Subject to (2A), an application by a *firm* other than a *credit union* must be made by submitting the Form online at [fca.org.uk](http://fca.org.uk) using the form specified on the *FCA's* and *PRA's ONA system* online notification and application system.

...

...

## 12 Appointed representatives

...

### 12.7 Notification requirements

...

12.7.8A R (1) Subject to (2A), a *firm* other than a *credit union* must submit the form as set out in SUP 12 Annex 4R online at <http://www/fca.org.uk> using the *FCA's ONA system* online notification and application system.

...

...

## 12.8 Termination of a relationship with an appointed representative or EEA tied agent

...

- 12.8.1A R (1) Subject to (2A), a *firm* other than a *credit union* must submit any notification under *SUP* 12.8.1R(1) in the form set out in *SUP* 12 Annex 5R, online at [www.fca.org.uk](http://www.fca.org.uk) using the *FCA's* ~~*ONA system*~~ *online notification and application system*.

...

...

## 13 Exercise of passport rights by UK firms

...

### 13.5 Notices of intention

...

Method of submission of notices

- 13.5.3 R (1) A *UK firm*, other than a *credit union*, must submit any notice under *SUP* 13.5.1R(1), *SUP* 13.5.1AR or *SUP* 13.5.2R online at [www.fca.org.uk](http://www.fca.org.uk) using the ~~*ONA system*~~ *online notification and application system*.

...

...

### 13.8 Changes of details: provisions of notices to the appropriate UK regulator

...

- 13.8.1A G The effect of *SUP* 13.8.1R(1) is that a *firm* should submit any form, notice or application under *SUP* 13.8.1R(1) in the following ways:
- (1) A *UK firm*, other than a *credit union*, should submit it online at [www.fca.org.uk](http://www.fca.org.uk) using the ~~*ONA system*~~ *online notification and application system*.

...

...

## 15 Notifications to the FCA

...

**15.4 Notified persons**

...

15.4.3 G (1) A *firm* other than a *credit union* must submit the form in SUP 15 Ann 2R online using the *FCA's* ~~ONA system~~ online notification and application system.

...

...

**16 Reporting requirements**

...

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

...

**NOTES FOR COMPLETION OF THE RMAR**

...

**Section D Regulatory Capital**

|  |  |
|--|--|
| ...  |  |
| <b>Home finance and non-investment insurance mediation</b>                         |  |
| ...  |  |
| Additional capital resources requirements for PII (if applicable)                  | If the <i>firm</i> has any increased excesses on its PII policies, the total of the additional capital requirements required by the <del>tables</del> <u>table</u> in <del>MIPRU 3.2.13R or MIPRU 3.2.14R</del> should be recorded here. See also section E of the <i>RMAR</i> . |
| ...  |  |
| <b>Personal investment firm (retail investment activities only) – IPRU(INV) 13</b> |  |
| ...  |  |
| Capital resources requirement  | The capital resources requirement should be calculated in accordance with <i>IPRU-INV</i> 13.13.2R to <del>IPRU-INV 13.3.4G</del> <u>13.13.4G</u> .  |



|     |  |
|-----|--|
| ... |  |
|-----|--|

...

## Section E Professional indemnity insurance

...

### Part 2

|  |  |
|--|--|
| ...  |  |
| Amount of additional capital required for increased excess(es) (where applicable, total amount for all PII policies) | This should be calculated using the tables in <i>IPRU(INV)</i> <del>13.119R</del> <u>13.1.19R</u> or <i>MIPRU</i> <del>3.2.14R to 3.2.16R</del> as applicable. The total of additional capital (i.e. in relation to all of the <i>firm's</i> PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional own funds for PII' in Section D. |
| ...  |  |

## 16 Annex Guidance notes for data items in SUP 16 Annex 33AR 33BG

...

### (3) Reference year of data collected and currency conversion

- (a) See *SUP* 16.17.3R(5) which provides that *firms* must report in euros. To convert into euros, *firms* must use the rates published by the European Commission for financial programming and budget for December of the reported year. The table is published on the European Commission's website:

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/index\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm).

The table contains monthly exchange rates. A list sorted by country name can be generated using the 'access by list of countries' function. *Institutions* should use the exchange rate applicable for the month in which the financial year ended.

Figures should be reported in full amounts.

...

...

## Annex H

### Amendments to the Credit Unions sourcebook (CREDS)

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

#### 3A Shares, deposits and borrowing

...

#### 3A.5 Requirements on the retail distribution and financial promotion of capital instruments

...

Application of exemptions in COBS 22.2.4R

- 3A.5.8 R (1) Where a *firm* applies any exemption set out in COBS 22.2.4R under ~~CREDS 3A.5.1R(3)(a)~~ CREDS 3A.5.1R(3), any reference in COBS 22.2.4R to *mutual society share* must be read as though it includes a *deferred share* or *credit union subordinated debt*, as applicable.
- (2) For the purposes of any assessments or certifications required by the exemptions in COBS 22.2.4R, as applied for the purposes of this section under ~~CREDS 3A.5.1R(3)(a)~~ CREDS 3A.5.1R(3), any reference in COBS 4.12 provisions to *non-mainstream pooled investments* must be read as though it is a reference to *deferred shares* or *credit union subordinated debt*, as applicable.

...

...

## Annex I

### Amendments to the Listing Rules sourcebook (LR)

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

**App 1      Relevant definitions**

**App 1.1    Relevant definitions**

App 1.1.1    ...

|                                |  |
|--------------------------------|--|
| ...                            | ...  |
| <i>Market Abuse Regulation</i> | Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing <del>the Market Abuse Directive 2003/6/EC of the</del> <u>European Parliament and of the Council</u> and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. |
| ...                            |  |

## Annex J

### Amendments to the Enforcement Guide (EG)

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

#### **19 Non-FSMA powers**

...

#### **19.5 Regulation of Investigatory Powers Act 2000 (RIPA)**

...

Home Office Codes of Practice

19.5.6 In exercising powers under RIPA the *FCA* has regard to the relevant RIPA codes of practice. The Codes are available on the Home Office website:

~~[security.homeoffice.gov.uk/ripa/publication-search/ripa-cop/](https://www.homeoffice.gov.uk/ripa/publication-search/ripa-cop/)~~

<https://www.gov.uk/government/collections/ripa-codes>.

...

## Annex K

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

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

#### 4           **Guidance on regulated activities connected with mortgages**

...

#### 4.10B       **Regulation of buy to let lending**

...

What does buy-to-let credit agreement mean?

4.10B.5    G    (1)    A *buy-to-let credit agreement* means either:

- (a)    a contract that at the time it is entered into has the following characteristics:
  - (i)     a lender provides credit to an individual or trustees (the 'borrower');
  - (ii)    the contract provides for the obligation of the borrower to repay to be secured by a mortgage on land in the *EEA*;
  - (iii)   at least 40% of that land is used, or is intended to be used, as or in connection with a dwelling ~~by the borrower~~ (or, where trustees are the borrower, by an individual who is a beneficiary of the trust) or by a *related person* ); and
  - (iv)    provides that the land secured by the mortgage is subject to the requirements in (2); or

...

...

...