

HANDBOOK ADMINISTRATION (No 52) INSTRUMENT 2020**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 63E (Certification of employees by authorised persons);
 - (b) section 63F (Issuing of certificates);
 - (c) section 73A (Part 6 Rules);
 - (d) section 84 (Matters which may be dealt with by prospectus rules);
 - (e) section 137A (The FCA’s general rules);
 - (f) section 137T (General supplementary powers);
 - (g) section 139A (Power of the FCA to give guidance);
 - (h) section 347 (The record of authorised persons etc.); and
 - (2) the following regulations of the Electronic Money Regulations 2011:
 - (a) Regulation 49 (Reporting requirements);
 - (b) Regulation 60 (Guidance); and
 - (3) the following regulations of the Payment Services Regulations 2017:
 - (a) Regulation 98 (Management of operational and security risks);
 - (b) Regulation 109 (Reporting requirements); and
 - (c) Regulation 120 (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. This instrument comes into force on 27 March 2020.

Amendments to the Handbook

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

(1)	(2)
Conduct of Business sourcebook (COBS)	Annex A
Supervision manual (SUP)	Annex B
Prospectus Regulation Rules sourcebook (PRR)	Annex C

Amendments to material outside the Handbook

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

Citation

- F. This instrument may be cited as the Handbook Administration (No 52) Instrument 2020.

By order of the Board
26 March 2020

Annex A**Amendments to the Conduct of Business sourcebook (COBS)**

In this Annex, striking through indicates deleted text.

18 Specialist Regimes

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18.12 Operating an electronic system in relation to lending

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Contingency funds: published policy

18.12.35 R ...

- (3) The *contingency fund policy* must be provided on ~~every page of~~ each website and mobile application of the *firm* available to lenders and must be:

...

Annex B

Amendments to the Supervision manual (SUP)

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

15B Applications and notifications under the benchmarks regulation and powers over Miscellaneous BM persons

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15B.5 Powers over Miscellaneous BM person

15B.5.1 G ...

- (2) Miscellaneous BM person is defined in regulation 5(2) of the *UK Benchmarks Regulations 2018* as a person who is not an authorised person and is:

...

- (e) a *person* who administers a benchmark relying on article 46(8) or 51(4) of the *benchmarks regulation*; or

...

...

15B.5.2 G (1) Regulation 6(1) of the *UK Benchmarks Regulations 2018* provides that the power to impose, vary or cancel requirements in relation to Miscellaneous BM persons is exercisable if it appears to the *FCA* that:

...

- (b) it is desirable for the *FCA* to exercise its powers in order to advance any of its operational objectives but only in respect of a Miscellaneous BM person coming within regulation 5(2)(d) or (e); or

...

- (2) Regulation 6(1)(b) of the *UK Benchmarks Regulations 2018* would enable the *FCA* to impose a requirement on a Miscellaneous BM person coming within regulation 5(2)(d) or (e) where it is desirable for the *FCA* to do so in order to advance any of the *FCA*'s operational objectives.

15B.5.3 G (1) The *FCA* anticipates that it would generally only need to rely on the ground in regulation 6(1)(b) of the *UK Benchmarks Regulations 2018* for the purpose of supervising a Miscellaneous BM person listed in

regulation 5(2)(d) or (e) of those regulations ~~i.e. a person who administers a benchmark~~ relying on article 51(4) of the ~~benchmarks regulation~~ where such persons fall outside the scope of the other two grounds in regulation 6(1) of the *UK Benchmarks Regulations 2018* and outside the scope of the *FCA's* powers under the *Act*.

- (2) ~~That is because the persons listed in regulation 5(2)(e) will not necessarily be subject to the requirements of the benchmarks regulation or the Act and may therefore fall outside the scope of the other two grounds in regulation 6(1) of the UK Benchmarks Regulations 2018 and outside the scope of the FCA's powers under the Act. [deleted]~~
- (3) ~~In view of (2), the FCA does not generally expect that it will need to rely on the ground in regulation 6(1)(b) of the UK Benchmarks Regulations 2018 in relation to the other categories of Miscellaneous BM person (listed in regulation 5(2)(a) (d) and (f) of the UK Benchmarks Regulations 2018). However, the FCA cannot entirely exclude the possibility that it might need to do so in other circumstances and the FCA will consider any proposed use of the power on its merits on a case by case basis. [deleted]~~

16 Reporting requirements

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16.13 Reporting under the Payment Services Regulations

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Statistical data on fraud

...

16.13.6 G This requirement applies to:

- (1) *authorised payment institutions*;
- (2) *small payment institutions*;
- (3) *registered account information service providers*;
- (4) *electronic money institutions*;
- (5) *credit institutions*; with permission to accept deposits under Part 4a of FSMA.

...

16.13.8 D (1) In the case of an *authorised payment institution*, an *authorised electronic money institution* or a *credit institution* with permission to accept deposits under Part 4a of FSMA:

- ...
- ...
- ...
- 16.13.13 D The assessments required by regulation 98(2) of the *Payment Services Regulations* must be submitted (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) to the *FCA*:
- ...
- In the case of *credit institutions*, this provision applies only to those with permission to accept deposits under Part 4a of FSMA.
- 16.13.14 G *Payment service providers* (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) should submit the form and the assessments to the *FCA* in accordance with SUP 16.13.13D(2) as soon as practicable after the assessments have been completed. In the case of *credit institutions*, this paragraph applies only to those with permission to accept deposits under Part 4a of FSMA.
- 16.13.15 G *Payment service providers* (except *payment service providers* mentioned in paragraphs (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) may provide operational and security risk assessments to the *FCA* on a more frequent basis than once every calendar year if they so wish. *Payment service providers* (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) should not, however, submit such assessments more frequently than once every quarter. In the case of *credit institutions*, this paragraph applies only to those with permission to accept deposits under Part 4a of FSMA.
- 16.13.16 G Subject to the requirements in SUP 16.13.13D, *payment service providers* (except *payment service providers* mentioned in paragraph (1) (c) and (ca) of the *Glossary* definition of *payment service provider* and paragraph (1)(c) of the *Glossary* definition of *electronic money issuer*) should submit a nil return for each quarter in which they do not make a submission to the *FCA*. In the case of *credit institutions*, this paragraph applies only those with permission to accept deposits under Part 4a of FSMA.
- ...

...

FIN060a Authorised Electronic Money Institution Questionnaire

...

**16
Annex
30IG****Notes on completing authorised electronic money institution questionnaire**

...

FIN060a Authorised Electronic Money Institution Questionnaire

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Section 3: Net capital resources

Section 3 (a-d)

For Elements 17, 21 and 25: Enter values using the appropriate sign for a positive or negative number.

...

Element 31: Please provide the EUR equivalent value for 1 GBP to four decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. ~~The InforEuro website provides historical exchange rates on a month by month basis:~~

~~http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm~~

Refer to the following website which provides historical exchange rates on a month-by-month basis:

http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

...

**16
Annex
30JD****Small electronic money institution questionnaire**

...

FIN060b Small E-money Institution Questionnaire

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**16
Annex
30KG****Notes on completing small e-money institution questionnaire****FIN060b** Small E-Money Institution Questionnaire

...

Section 4: Net capital resources

Sections 4 (a-d)

For Elements 20, 24 and 28: Enter values using the appropriate sign for a positive or negative number.

...

Element ~~31~~ 34: Please provide the EUR equivalent value for 1 GBP to four decimal places. This should be the market rate as quoted by the European Central Bank in place at the end of the reporting period. ~~The InforEuro website provides historical exchange rates on a month-by-month basis:~~
http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm
 Refer to the following website which provides historical exchange rates on a month-by-month basis:
http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

16 Annex 47AR Directory persons report

(1)	(2)	
Date information reported:	Confirm information being reported is accurate and complete	

(3)	Individual Reference Number (IRN)																	
(4)	Passport number, for any Directory person who does not have an NI Number or for whom a passport number, and not an NI number, has previously been provided																	
(5)	National insurance (NI) number																	
(6)	Date of birth																	
(7)	First name																	
(8)	Middle names (if known)																	
(9)	Last name																	
(10)	Date started role																	
(11)	Date role ended																	
(12)	Relevant roles currently held																	
(13)	Activities which the Directory person carries on and for which they hold the relevant qualifications																	
(14)	Customer engagement method(s) (online, telephone, face to face) offered by any Directory person who deals with customers and requires a qualification to do so																	
(15)	Workplace location(s) (post code(s)) for any Directory person who deals with customer's face and requires a qualification to do so																	
(16)	Relevant accredited body membership for any Directory person who deals with customers and requires a qualification to do so																	

[FCA CF] (1)
CASS oversight function

2. Giving personal recommendations on securities which are not stakeholder pension schemes, personal pension

16 **Guidance notes for Directory persons report in SUP 16 Annex 47AR**
Annex
47BG

...

12. In relation to (16), “relevant accredited body membership” is membership of any of the following professional bodies: CFA Society of the UK; The Chartered Institute for Securities and Investment (CISI); The Chartered Banker Institute (CBI); The Chartered Insurance Institute (CII); and The London Institute of Banking and Finance (LIBF); ~~and The Pensions Management Institute~~. Relevant accredited body membership only needs to be reported where the *Directory person* deals with customers and requires a qualification under *TC App 1.1* to do so.

Annex C

Amendments to the Prospectus Regulation Rules sourcebook (PRR)

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

1 Preliminary

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1.2 Requirement for a prospectus and exemptions

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Exempt securities – admission to trading on a regulated market

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- 1.2.5 EU Article 1(6), ~~(6a) and (6b)~~ provides provide as follows in relation to exemptions:

Article 1

Subject matter, scope and exemptions

...

6. The exemptions from the obligation to publish a prospectus that are set out in paragraphs 4 and 5 may be combined together. However, the exemptions in points (a) and (b) of the first subparagraph of paragraph 5 shall not be combined together if such combination could lead to the immediate or deferred admission to trading on a regulated market over a period of 12 months of more than 20% of the number of shares of the same class already admitted to trading on the same regulated market, without a prospectus being published.

6a. The exemptions set out in point (f) of paragraph 4 and in point (e) of paragraph 5 shall only apply to equity securities, and only in the following cases:

- (a) the equity securities offered are fungible with existing securities already admitted to trading on a regulated market prior to the takeover and its related transaction, and the takeover is not considered to be a reverse acquisition transaction within the meaning of paragraph B19 of international financial reporting standard (IFRS) 3, Business Combinations, adopted by Commission Regulation (EC) No 1126/2008; or

- (b) the supervisory authority that has the competence, where applicable, to review the offer document under Directive 2004/25/EC of the European Parliament and of the Council has issued a prior approval of the document referred to in point (f) of paragraph 4 or point (e) of paragraph 5 of this Article.

[Note: Under Regulation 2A of Financial Services and Markets Act 2000 (Prospectus) Regulations 2019, the FCA is designated as the competent supervisory authority for approving exempt documents under Article 1(6a)(b) of the *Prospectus Regulation*. ESMA's Final Report dated 29 March 2019 (https://www.esma.europa.eu/sites/default/files/library/esma31-62-1207_final_report_on_technical_advice_under_prospectus_exemption.pdf) contains technical advice on the minimum content for these documents. As of 27 March 2020, the delegated act has not yet been adopted and the requirements in the delegated act may ultimately differ from those which ESMA has proposed in its Final Report.]

- 6b. The exemptions set out in point (g) of paragraph 4 and in point (f) of paragraph 5 shall apply only to equity securities in respect of which the transaction is not considered to be a reverse acquisition transaction within the meaning of paragraph B19 of IFRS 3, Business Combinations, and only in the following cases:
- (a) the equity securities of the acquiring entity have already been admitted to trading on a regulated market prior to the transaction; or
- (b) the equity securities of the entities subject to the division have already been admitted to trading on a regulated market prior to the transaction.

...

2 Drawing up the prospectus

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2.5 Simplified prospectus regime for secondary issuances

Simplified prospectus

2.5.1 EU Article 14(1) of the *Prospectus Regulation* provides:

Article 14

Simplified disclosure regime for secondary issuances

1. The following persons may choose to draw up a simplified prospectus under the simplified disclosure regime for secondary

issuances, in the case of an offer of securities to the public or of an admission to trading of securities on a regulated market:

...

- (b) without prejudice to Article 1(5), issuers whose equity securities have been admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months and who issue non-equity securities or securities giving access to equity securities fungible with the existing equity securities of the issuer already admitted to trading;
- (c) offerors of securities admitted to trading on a regulated market or an SME growth market continuously for at least the last 18 months;
- (d) issuers whose securities have been offered to the public and admitted to trading on an SME growth market continuously for at least two years, and who have fully complied with reporting and disclosure obligations throughout the period of being admitted to trading, and who seek admission to trading on a regulated market of securities fungible with existing securities which have been previously issued.

...

2.5.2 EU Article 14(2) of the *Prospectus Regulation* provides for the content of a simplified *prospectus*:

...

2. By way of derogation from Article 6(1), and without prejudice to Article 18(1), the simplified prospectus shall contain the relevant reduced information which is necessary to enable investors to understand:

...

The information contained in the simplified prospectus shall be written and presented in an easily analysable, concise and comprehensible form and shall enable investors to make an informed investment decision. It shall also take into account the regulated information that has already been disclosed to the public pursuant to [the *Transparency Directive*], where applicable, and [the *Market Abuse Regulation*]. Those issuers referred to in point (d) of the first subparagraph of paragraph 1 of this Article that are required to prepare consolidated accounts in line with [the *Accounting Directive*] after their securities' admission to trading on a regulated market shall compile the most recent financial information pursuant to point (a) of the second subparagraph of paragraph 3 of this Article, containing comparative information for the previous year

included in the simplified prospectus, in accordance with the International Financial Reporting Standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council.

Those issuers referred to in point (d) of the first subparagraph of paragraph 1 of this Article that are not required to prepare consolidated accounts in line with [the *Accounting Directive*] after their securities' admission to trading on a regulated market shall compile the most recent financial information pursuant to point (a) of the second subparagraph of paragraph 3 of this Article, containing comparative information for the previous year included in the simplified prospectus, in accordance with the national law of the Member State in which the issuer is incorporated.

Third country issuers whose securities have been admitted to trading on an SME growth market shall compile the most recent financial information pursuant to point (a) of the second subparagraph of paragraph 3 of this Article, containing comparative information for the previous year included in the simplified prospectus, in accordance with their national accounting standards, provided that those standards are equivalent to Regulation (EC) No 1606/2002. If those national accounting standards are not equivalent to the International Financial Reporting Standards, the financial information shall be restated pursuant to Regulation (EC) No 1606/2002.

...

2.6 EU Growth prospectus

EU Growth prospectus

2.6.1 EU Article 15(1) of the *Prospectus Regulation* provides:

Article 15

EU Growth prospectus

1. The following persons may choose to draw up an EU Growth prospectus under the proportionate disclosure regime set out in this Article in the case of an offer of securities to the public provided that they have no securities admitted to trading on a regulated market:

...

(ca) issuers, other than SMEs, offering shares to the public at the same time as seeking admission of those shares to trading on an SME growth market, provided that such issuers have no shares already admitted to trading on an SME growth market

and the combined value of the following two items is less than EUR 200 000 000:

- (i) the final offer price, or the maximum price in the case referred to in point (b)(i) of Article 17(1);
- (ii) the total number of shares outstanding immediately after the share offer to the public, calculated either on the basis of the amount of shares offered to the public or, in the case referred to in point (b)(i) of Article 17(1), on the basis of the maximum amount of shares offered to the public.

...

Annex D

Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text.

2 Authorisation and regulated activities

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2.8 Exclusions applicable to particular regulated activities

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Credit broking

2.8.6C G The following activities are excluded from the *regulated activity* of *credit broking*:

...

Activities for which no fee is paid

(2) The activities in *PERG 2.7.7EG(4)* to *PERG 2.7.7EG(6)* carried on by a *person* for which that *person* does not receive a fee are excluded from *credit broking*.

(3) “Fee” includes pecuniary consideration or any other form of financial consideration for the purposes of this paragraph.

Activities carried on by members of the legal profession

(6) ...

Activities carried on by registered social landlords

(6A) Activities carried on by registered social landlords are excluded from credit broking where:

(a) the registered social landlord does not receive a fee, and

(b) the activities relate to the introduction of an individual who wishes to enter into a credit agreement to:

(i) a credit union;

(ii) a community benefit society;

(iii) a community interest company limited by guarantee;

- (iv) a registered charity, or a subsidiary of a registered charity; or
- (v) a subsidiary of a registered social landlord.

For these purposes:

- (c) “community benefit society” means a registered society within the meaning of the Co-operative and Community Benefit Societies Act 2014 or a registered society within the meaning of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969;
- (d) “community interest company limited by guarantee” means a community interest company limited by guarantee within the meaning of section 26 of the Companies (Audit, Investigations and Community Enterprise) Act 2004;
- (e) “credit union” means a credit union within the meaning of the Credit Unions Act 1979 or the Credit Unions (Northern Ireland) Order 1985;
- (f) “registered charity” means:
 - (i) in England and Wales, a charity registered under section 30(1) of the Charities Act 2011;
 - (ii) in Scotland, a charity registered within the meaning of section 13(1) of the Charities and Trustee Investment (Scotland) Act 2005; and
 - (iii) in Northern Ireland, a charity registered under section 16(2) of the Charities Act (Northern Ireland) 2008;
- (g) “registered social landlord” means:
 - (i) in England, a private registered provider within the meaning of section 80(3) of the Housing and Regeneration Act 2008;
 - (ii) in Wales, a registered social landlord within the meaning of Part 1 of the Housing Act 1996;
 - (iii) in Scotland, a registered social landlord within the meaning of the Housing (Scotland) Act 2010; and
 - (iv) in Northern Ireland, a housing association within the meaning of Part 2 of the Housing (Northern Ireland) Order 1992;

- (h) “subsidiary” means a subsidiary as defined by section 1159 of the Companies Act 2006; and
- (i) “fee” includes pecuniary consideration or any other form of financial consideration.