

HANDBOOK ADMINISTRATION (No 53) INSTRUMENT 2020**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 60 (Applications for approval);
 - (b) section 137A (The FCA’s general rules);
 - (c) section 137T (General supplementary powers);
 - (d) section 139A (Power of the FCA to give guidance); and
 - (2) the power of direction in regulation 21 (Reporting requirements) of the Data Reporting Services Regulations 2017 (SI 2017/699).
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 26 June 2020 except for Part 2 of Annex A and Part 2 of Annex C which come into force on 1 October 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
Market Conduct sourcebook (MAR)	Annex B
Supervision manual (SUP)	Annex C

Citation

- E. This instrument may be cited as the Handbook Administration (No 53) Instrument 2020.

By order of the Board
25 June 2020

Annex A

Amendments to the Conduct of Business sourcebook (COBS)

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

Part 1: Comes into force 26 June 2020

TP 2 Other Transitional Provisions

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
2.30	COBS TP 2.31	G	The purpose of the transitional provision in COBS TP 2.31 is to treat the specified <i>Glossary</i> definitions (and the relevant provisions referred to within these definitions) of the Conduct of Business Sourcebook (Investment Pathways) Instrument 2019 coming into force on 1 August 2020 <u>1 February 2021</u> as in force to enable a <i>firm</i> and its <i>IGCs</i> to comply with the requirements of COBS 19.5 and the guidance in SYSC 3.2 and SYSC 4.1.	From 6 April 2020 to 31 July 2020 <u>31 January 2021</u>	6 April 2020

2.31	COBS 19.5	R	<p>The following <i>Glossary</i> definitions (and the relevant provisions referred to within these definitions) have the same meaning as in Annex A of the Conduct of Business Sourcebook (Investment Pathways) Instrument 2019 coming into force on 1 August 2020 <u>1 February 2021</u>:</p> <p>(1) <i>capped drawdown pension fund</i>;</p> <p>(2) <i>flexi-access drawdown pension fund</i>;</p> <p>(3) <i>manufacture</i>; and</p> <p>(4) <i>pathway investment</i>.</p>	From 6 April 2020 to 31 July 2020 <u>31 January 2021</u>	6 April 2020
...					

Part 2: Comes into force 1 October 2020

9 Suitability (including basic advice) (other than MiFID and insurance-based investment products)

...

9.4 Suitability reports

...

9.4.2A R (1) If a *firm* makes a *personal recommendation* in relation to a *pension transfer* or *pension conversion*, it must provide:

...

- (b) (except where the only *safeguarded benefit* involved is a *guaranteed annuity rate*) a one page summary at the front of the suitability report.

...

Additional content for pension transfers and conversions

9.4.11 R ...

(5)

...

- (d) where the *firm* proposes that it or another *firm* offers ongoing advice and/or services to the *client*, invite the *client* to consider whether they wish to receive this ongoing advice and/or services proposition, and whether they agree to the associated charges, and if so, sign the one page summary to consent to receiving the ongoing advice and/or services, and agree to the associated charges; and

...

- (7) The revalued monthly income in the *ceding arrangement* referred to in (2)(e) must:

- (a) (where the *client* has not passed the normal retirement age) be calculated by:

- (i) revaluing the *future income benefits* to the date ~~of the client's date they~~ the client would normally be paid in accordance with *COBS* 19 Annex 4B 1R(1)(1); and

- (ii) discounting the value of the *future income benefits* to the calculation date in accordance with the assumption in *COBS* 19 Annex 4C 1R(4)(d);

- (b) (where the *client* has passed the normal retirement age) be calculated in line with the current income in the *ceding arrangement*.

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Annex B

Amendments to the Market Conduct sourcebook (MAR)

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

9 Data reporting service

...

9 Annex Notification form for changes to the membership of the management body 6D

The form can be found at this address:

~~<https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx>~~ <https://www.fca.org.uk/publication/forms/drsp-changes-to-management-body-members.doc>

Annex C

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 26 June 2020

The Long and Short Form As for solo-regulated firms at SUP 10C Annex 3D are amended as follows. In some places in the forms, text is shown in a red typeface. This is to clearly indicate that the text is new (because it is already underlined in the form itself). The text will not be red in the amended forms themselves.



Application number
(for FCA use only)

The *FCA* has produced notes which will assist both the applicant *firm* and the *candidate* in answering the questions in this form. Please read the notes, which are available on the *FCA*'s website at: <https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex3D.html>

Both the *applicant* and the *candidate* will be treated by the *FCA* as having taken these notes into consideration when completing this form.

Long Form A – Solo-regulated firms (including EEA and third country)

Application to perform *controlled functions* including *senior management functions*

FCA Handbook Reference: SUP 10C Annex 3D

~~9 December 2019~~ 26 June 2020

...

Arrangement and Senior Management Functions Section 3A

Complete this section if the application is for a *senior management function*. If you are submitting an application for a *controlled function at an appointed representative*, then please complete Section 3B. If you are a limited permission consumer credit firm that is also an appointed representative you should complete Section 3B and not this section.

3A.01

...

...

Arrangements and controlled functions – Appointed Representatives Section 3B

Complete this section if the application is for a *controlled function* at an *appointed representative (AR)*. If you are submitting an application for a *senior management function at a firm*, then please complete Section 3A.

For if you are a limited permission consumer credit firm that is also an appointed representatives representative, only the *customer function* is relevant in this section. For these firms, relevant *senior management functions* apply instead of the *governing functions* (ie CF1 (AR), CF3 (AR), CF4 (AR) and CF5 (AR)). We do not expect this to apply to many firms please complete this Section and not Section 3A.

...

3B.02 For applications from a single *firm*, please tick the boxes that correspond to the *controlled functions* to be performed. If the *controlled functions* are to be performed for more than one *firm*, please go to question **3B.05**.

a Significant influence functions	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px 5px;">CF 1 (AR) <i>Director function</i></td> <td style="text-align: right; padding: 2px 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 2px 5px;">CF2 (AR) <i>Non-executive director function</i></td> <td style="text-align: right; padding: 2px 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 2px 5px;">CF 3 (AR) <i>Chief executive function</i></td> <td style="text-align: right; padding: 2px 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 2px 5px;">CF 4 (AR) <i>Partner function</i></td> <td style="text-align: right; padding: 2px 5px;"><input type="checkbox"/></td> </tr> <tr> <td style="padding: 2px 5px;">CF 5 (AR) <i>Director of an unincorporated association function</i></td> <td style="text-align: right; padding: 2px 5px;"><input type="checkbox"/></td> </tr> </table>	CF 1 (AR) <i>Director function</i>	<input type="checkbox"/>	CF2 (AR) <i>Non-executive director function</i>	<input type="checkbox"/>	CF 3 (AR) <i>Chief executive function</i>	<input type="checkbox"/>	CF 4 (AR) <i>Partner function</i>	<input type="checkbox"/>	CF 5 (AR) <i>Director of an unincorporated association function</i>	<input type="checkbox"/>
CF 1 (AR) <i>Director function</i>	<input type="checkbox"/>										
CF2 (AR) <i>Non-executive director function</i>	<input type="checkbox"/>										
CF 3 (AR) <i>Chief executive function</i>	<input type="checkbox"/>										
CF 4 (AR) <i>Partner function</i>	<input type="checkbox"/>										
CF 5 (AR) <i>Director of an unincorporated association function</i>	<input type="checkbox"/>										

...



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(for FCA use only)

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Both the applicant *firm* and the *candidate* will be treated by the FCA as having taken these notes into consideration when completing this form.

Short Form A – Solo-regulated firms (including EEA and third country)

Application to perform *controlled functions* including *senior management functions*

FCA Handbook Reference: SUP 10C Annex 3D

~~9 December 2019~~ 26 June 2020

...

Arrangement and Senior Management Functions Section 3A

Complete this section if the application is for a *senior management function*. If you are submitting an application for a *controlled function at an appointed representative*, then please complete Section 3B. If you are a limited permission consumer credit firm that is also an appointed representative you should complete Section 3B and not this section.

3A.01

... ..

Arrangements and controlled functions – Appointed Representatives **Section 3B**

Complete this section if the application is for a *controlled function* at an *appointed representative (AR)*. If you are submitting an application for a *senior management function at a firm*, then please complete Section 3A.

For If you are a limited permission consumer credit firms firm that are is also an appointed representatives representative, only the *customer function* is relevant in this section. For these firms, relevant *senior management functions* apply instead of the *governing functions* (ie CF1 (AR), CF3 (AR), CF4 (AR) and CF5 (AR)). We do not expect this to apply to many firms please complete this Section and not Section 3A.

...

3B.02 For applications from a single *firm*, please tick the boxes that correspond to the *controlled functions* to be performed. If the *controlled functions* are to be performed for more than one *firm*, please go to question **3B.05**.

a Significant influence functions

CF 1 (AR) <i>Director function</i>	<input type="checkbox"/>
CF2 (AR) <i>Non-executive director function</i>	<input type="checkbox"/>
CF 3 (AR) <i>Chief executive function</i>	<input type="checkbox"/>
CF 4 (AR) <i>Partner function</i>	<input type="checkbox"/>
CF 5 (AR) <i>Director of an unincorporated association function</i>	<input type="checkbox"/>

...

Amend page 1 of the form at SUP 15 Annex 4R (Notification form) as shown.

15 Notifications to the FCA

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15 Notification form
Annex 4R

...

~~(April 2013)~~ (June 2020)

...

Financial Conduct Authority
~~25 The North Colonnade~~ 12 Endeavour Square
Canary Wharf
London

~~E14 5HS United Kingdom~~ E20 1JN

...

Part 2: Comes into force 1 October 2020

The form (Data items for SUP 16.12) referred to in SUP 16 Annex 24R is amended as shown.

FSA031

Capital Adequacy (for exempt CAD firms subject to IPRU(INV) Chapter 9)

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Part 4 (Regulatory capital test to be completed by all firms)

...

Professional Indemnity Insurance

...

35 ... J K ~~L~~ M ~~M~~ N ~~N~~ O

PII detailed information

Business line subject to policy excess (from list)	Policy excess	Business line category subject to policy exclusion(s)	Time period of policy exclusion(s)	Type of exclusion(s)
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...

FSA032

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

...

...

38 ... J K L ~~M~~ N ~~N~~ O

PII detailed information

Business line subject to policy excess	Policy excess	Business line category subject to	Time period of policy exclusion(s)	Type of exclusion(s)
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policy
exclusions

...

The guidance notes (Guidance notes for data items in SUP 16 Annex 24R) referred to in SUP 16 Annex 25G are amended as shown.

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

...

FSA031 – Capital Adequacy (for exempt CAD firms subject to IPRU(INV) Chapter 9)

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...		
<p><i>Professional Indemnity Insurance</i></p> <p>This section requires each firm to confirm it is in compliance with the prudential requirements in relation to professional indemnity insurance (PII). Data is required in relation to all PII policies that a firm has in place, up to a limit of ten (this is provided in columns A-H). If a firm has more than ten policies, it should report only on the ten largest policies by premium. For each insurer, if there are any business lines with different excess or different exclusions, then they should be reported in columns J and K, for excess, and in columns L to N <u>M to O</u>, for exclusions (so there can be multiple entries in columns J and K, and L to N <u>M to O</u>, for each insurer).</p>		
...		
Policy exclusion	35L to 35M <u>35M to O</u>	<p>If there are any exclusions in the firm’s PII policy, the business type(s) to which they relate should be entered here in data element 38M <u>35M</u> (from the drop-down menu).</p> <p>For any exclusions in the firm’s PII policy, the firm should enter in data element 38N <u>35N</u> whether the exclusion applies to types of business or activities carried out in the past (‘past business’), during the period covered by the policy (‘future business’) or both (‘past and future business’).</p> <p>For any restrictions or limitations in the firm’s PII policy which relate to any types of business or activities that the firm has carried out either in the past or will undertake during the period covered by the policy, the firm should enter in data element 38O <u>35O</u> the type of restriction or limitation from the drop-down list. (Some typical policy restriction/limitation types include the volume of business or activity covered by the policy, the</p>

		<p>specific type of a particular business/activity covered by the policy and sub-limits to the level of indemnity for particular types of business/activity.)</p> <p>If the type of restriction or limitation is not listed firms should select 'other'.</p>
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...

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

...

...		
<p><i>Professional Indemnity Insurance</i></p> <p>This section requires each firm to confirm it is in compliance with the prudential requirements in relation to professional indemnity insurance (PII). Data is required in relation to all PII policies that a firm has in place, up to a limit of ten (this is provided in columns A-H). If a firm has more than ten policies, it should report only on the ten largest policies by premium. For each insurer, if there are any business lines with different excess or different exclusions, then they should be reported in columns J – E <u>K</u>, for excess, and in columns <u>L</u>, to <u>N</u> and <u>O</u>, for exclusions (so there can be multiple entries in columns J and K, and <u>L</u>, to <u>N</u> and <u>O</u>, for each insurer).</p>		
...		
Policy exclusions	38L to 38N <u>38O</u>	<p>If there are any exclusions in the firm’s PII policy, the business type(s) to which they relate should be entered here in 38L. This is a free text field.</p> <p>For any exclusions in the firm’s PII policy, the firm should enter in 38M <u>38N</u> whether the exclusion applies to types of business or activities carried out in the past ('past business'), during the period covered by the policy ('future business) or both ('past and future business').</p> <p>For any restrictions or limitations in the firm’s PII policy which relate to any types of business or activities that the firm has carried out either in the past or will undertake during the period covered by the policy, the firm should enter in 38N <u>38O</u> the type of restriction or limitation from the drop-down list. Some typical policy restriction/limitation types include the volume of business or activity covered by the policy, the specific type of a particular business/activity covered by the policy and sub-limits to the level of indemnity for particular types of business/activity.</p> <p>If the type of restriction or limitation is not listed firms should select 'other'.</p>

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