

Handbook Notice No. 57

July 2018

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1 Overview

Legislative changes

- 1.1 On 28 June 2018, the Board of the Financial Conduct Authority made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No.	Changes effective
<u>17/37</u>	FCA Recognised Industry Codes (DEPP and EG) Instrument 2018	FCA 2018/36	18.7.18

- 1.2 On 25 July 2018, the Board of the Financial Ombudsman Service made the relevant changes to the Handbook in the instrument listed below, subject to the consent and approval of the FCA. On 26 July 2018, the FCA Board consented to the making and amendment of the scheme rules by the Financial Ombudsman Service, and approved the fixing and variation of standard terms as made by the Board of the Financial Ombudsman Service.

CP	Title of instrument	Instrument No.	Changes effective
<u>FOS</u>	Benchmarks Regulation (Amendment) (Financial Ombudsman Service) Instrument 2018	FCA 2018/4	27.7.18

- 1.3 On 26 July 2018, the Board of the Financial Conduct Authority made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No.	Changes effective
<u>18/14</u>	Insurance Distribution Directive (Amendment) Instrument 2018	FCA 2018/38	27.7.18; 1.10.18
<u>18/14</u>	Banking (Information about Current Account Services) (Amendment) Instrument 2018	FCA 2018/39	15.8.18
<u>17/39</u>	Listing Rules and Disclosure Guidance and Transparency Rules (Miscellaneous Amendments) Instrument 2018	FCA 2018/41	27.7.18
<u>18/14</u>	Enforcement (Social Entrepreneurship Funds, Venture Capital Funds and Money Market Funds) Instrument 2018	FCA 2018/42	27.7.18
<u>18/14</u>	Enforcement (Financial Services Act 2012 (Mutual Societies) Order 2018) Instrument 2018	FCA 2018/43	27.7.18



Summary of changes

- 1.4 The legislative changes referred to above are listed and briefly described in Chapter 2 of this Notice.

Feedback on responses to consultations

- 1.5 Consultation feedback is published in Chapter 3 of this Notice or in a separate Policy Statement.

FCA Board dates for 2018

- 1.6 The table below lists forthcoming FCA board meetings. These dates are subject to change without prior notice.

September	27
October	25
November	15
December	13

2 Summary of changes

- 2.1 This Handbook Notice describes the changes to the Handbook and other material made by the Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 28 June and 26 July 2018. It also describes changes made by the Board of the Financial Ombudsman Service to its rules and standard terms on 25 July 2018, with the approval of the FCA Board. Where relevant, it also refers to the development stages of that material, enabling readers to look back at developmental documents if they wish. For information on changes made by the Prudential Regulation Authority (PRA) please see www.bankofengland.co.uk/pru/Pages/publications/default.aspx.



FCA Recognised Industry Codes (DEPP and EG) Instrument 2018 (FCA 2018/36)

- 2.2 Following consultation in CP17/37,¹ the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary DEPP 6

- 2.3 The instrument also makes changes to material outside the Handbook, namely the following section of the Enforcement Guide: **EG 2**.
- 2.4 In summary, this instrument amends our Handbook to explain the status of industry codes of conduct which have been formally recognised by the FCA. These changes help industry groups which have made industry codes to help raise conduct standards. They do this by supporting and encouraging industry groups to develop good quality, up-to-date and relevant codes that are widely used.
- 2.5 This instrument came into force on **18 July 2018**. Feedback has been published in a separate Policy Statement.²

Benchmarks Regulation (Amendment) (Financial Ombudsman Service) Instrument 2018 (FOS 2018/4)

- 2.6 Following consultation,³ the Board of the Financial Ombudsman Service has made, and the FCA Board has approved, changes to the FCA Handbook sections listed below:

DISP 2, 2 Annex 1G

- 2.7 This instrument also incorporates changes already made to the **Glossary**.
- 2.8 In summary, this instrument makes changes to keep the jurisdictions of the Financial Ombudsman Service consistent. Specifically, the Financial Ombudsman Service has removed complaints about 'administering a regulated benchmark' from its voluntary jurisdiction, to mirror the same change we have made to its compulsory jurisdiction. This instrument also corrects a drafting error in our Handbook.
- 2.9 This instrument came into force on 27 July 2018. Feedback has been published by the Financial Ombudsman Service.⁴

1 [CP17/37 'Consultation Paper on Industry Codes of Conduct and Discussion Paper on FCA Principle 5' \(November 2017\)](#)

2 [PS18/18 'Industry Codes of Conduct and Feedback on FCA Principle 5' \(July 2018\)](#)

3 ['Consultation: amendment to rules – Benchmarks Regulation, MiFID 2 and advising on Investments' \(October 2017\)](#)

4 [Feedback Statement: amendment to rules \(Benchmarks Regulation, MiFID2 and advising on investments\) \(March 2018\)](#)



Insurance Distribution Directive (Amendment) Instrument 2018 (FCA 2018/38)

2.10 Following consultation in CP18/14,⁵ the FCA Board has made changes to the FCA Handbook sections listed below:

SYSC 19F, 28
GEN TP 4
MIPRU 2
COBS 2, 9A, 10A
SUP 12 Annex 3R
PROF 5

2.11 In summary, this instrument makes changes to the rules in our Handbook that implement the Insurance Distribution Directive. The purpose is to ensure that professional firms which we regulate adhere to similar requirements to those which are regulated by their professional body, in particular with respect to rules on continuing professional development and remuneration. Also, the instrument introduces new guidance on the classification of insurance-based investment products, and amends the form used to notify us of a new appointed representative.

2.12 This instrument comes into force on **1 October 2018**, immediately after those changes made by the Insurance Distribution Directive Instrument 2018 (FCA 2018/25) come into effect, except for Annex B (General Provisions), which came into force on **27 July 2018**. Feedback has been published in Chapter 3 of this Notice.

Banking (Information about Current Account Services) (Amendment) Instrument 2018 (FCA 2018/39)

2.13 Following consultation in CP18/14,⁶ the FCA Board has made changes to the FCA Handbook sections listed below:

BCOBS 7, 7 Annex 1R

2.14 In summary, this instrument fine tunes the rules that we made in December 2017, as set out in PS17/26,⁷ requiring firms to make information about current account services available to consumers, following discussions with firms preparing to implement those rules.

2.15 This instrument comes into force on 15 August 2018, immediately after those changes made by the Banking (Information About Current Account Services) Instrument 2017 (FCA 2017/78) come into effect. Feedback is published in Chapter 3 of this Notice.

5 [CP18/14 'Quarterly Consultation: No 21' \(June 2018\)](#)

6 [CP18/14 'Quarterly Consultation: No 21' \(June 2018\)](#)

7 [PS17/26 'Information about current account services' \(December 2017\)](#)



Listing Rules and Disclosure Guidance and Transparency Rules (Miscellaneous Amendments) Instrument 2018 (FCA 2018/41)

2.16 Following consultation in CP17/39,⁸ the FCA Board has made changes to the FCA Handbook sections listed below:

LR 7 DTR 7

2.17 In summary, this instrument makes changes to the way that the Listing Rules and Disclosure Guidance and Transparency Rules sourcebooks are written. Those changes clarify that Premium Listing Principle 6 prohibits the continuation of false markets as well as their creation. They also make it clearer that the diversity reporting requirements in DTR 7.2 can be satisfied by including a diversity report in a corporate governance statement published in any of the formats which we allow for those statements.

2.18 This instrument came into force on **27 July 2018**. Feedback is published in Chapter 3 of this Notice.

Enforcement (Social Entrepreneurship Funds, Venture Capital Funds and Money Market Funds) Instrument 2018 (FCA 2018/42)

2.19 Following consultation in CP18/14,⁹ the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary DEPP 2, 2 Annex 1

2.20 This instrument also makes changes to material outside the Handbook, namely the following section of the Enforcement Guide: **EG 19**.

2.21 In summary, this instrument clarifies the effects of changes we made to the rules for alternative investment funds, and sets out a decision-making mechanism for the use of our new powers in this area

2.22 This instrument came into force on 27 July 2018. Feedback is published in Chapter 3 of this Notice.

Enforcement (Financial Services Act 2012 (Mutual Societies) Order 2018) Instrument 2018 (FCA 2018/43)

2.23 Following consultation in CP18/14,¹⁰ the FCA Board has made changes to the FCA Handbook sections listed below:

⁸ [CP17/39 'Quarterly Consultation: No 19' \(December 2017\)](#)

⁹ [CP18/14 'Quarterly Consultation: No 21' \(June 2018\)](#)

¹⁰ [CP18/14 'Quarterly Consultation: No 21' \(June 2018\)](#)



DEPP 2 Annex 1

- 2.24 This instrument also makes changes to material outside the Handbook, namely the following section of the Enforcement Guide: **EG 19**.
- 2.25 In summary, this instrument makes minor changes to our Handbook, to clarify which sections apply to Northern Ireland mutual societies now that we are the registering authority for these, and to provide guidance on the use of our new enforcement powers over those mutual societies.
- 2.26 This instrument came into force on **27 July 2018**. Feedback is published in Chapter 3 of this Notice.

3 Consultation feedback

- 3.1 This chapter provides feedback on consultations that will not have a separate Policy Statement published by the FCA.

CP18/14: Quarterly Consultation Paper No 21 – Chapter 2

Insurance Distribution Directive (Amendment) Instrument 2018

Background

- 3.2 As part of our implementation of the Insurance Distribution Directive (IDD), we consulted on making minor changes to certain parts of the Handbook. These are:
- disapplying certain rules in relation to authorised professional firms
 - changing the appointed representative appointment form, and
 - inserting a link to European guidelines on the assessment of product complexity for insurance-based investment products
- 3.3 Since the IDD rules were introduced, we have identified some minor corrections and clarifications. We have made these amendments alongside the changes we consulted on. We included a transitional provision in FCA 2018/25.¹¹ This provision allows firms to comply early

¹¹ [Insurance Distribution Directive Instrument 2018 \(FCA 2018/25\)](#)



with the rules implementing the IDD. We have updated that provision to take account of the changes outlined in this chapter.

Changes related to the rules for authorised professional firms

3.4 In CP18/14,¹² we proposed to disapply the following provisions for authorised professional firms (APFs) conducting non-mainstream regulated activities:

- the rules on remuneration practices not conflicting with the firm's duty to act in accordance with their customer's best interests, to the extent that the APF is subject to rules of their professional body which impose the same obligations, and
- the rules requiring firms conducting insurance distribution activities to ensure their employees complete at least 15 hours per year of training and development

3.5 In CP18/14, we explained that these changes are intended to ensure that the rules which apply to APFs are consistent with those applying to exempt professional firms (EPFs).

3.6 We asked:

Q2.1: Do you agree with our proposed changes to the rules which apply to authorised professional firms undertaking non-mainstream regulated activities?

Feedback

3.7 We received no substantive feedback in relation to these proposals.

Our response

3.8 We will implement the proposals as set out in CP18/14.

Changes to the appointed representative (AR) appointment form

3.9 In CP18/14, we proposed to amend the AR appointment form to include an additional statement in the declaration. This would require principal firms to confirm that they have complied with their regulatory obligations as principal under FSMA and our rules - in particular, under chapter 12 of the Supervision manual (SUP).

3.10 Annex C of Appendix 2 of CP18/14 included the wrong AR form. We should have included the AR appointment form (SUP 12 Annex 3R), as clearly referred to in paragraphs 2.17–2.18 of CP18/14, but instead we mistakenly included the AR change of details form (SUP 12 Annex 4R). The additional text to be inserted into the declaration section of the form was correct. The one response we received that commented on

12 CP18/14 'Quarterly Consultation: No 21' (June 2018)



this proposal made clear that the respondent understood our proposals related to the appointment form at SUP 12 Annex 3R.

3.11 We asked:

Q2.2: Do you agree with our proposed changes to the AR appointment form?

Feedback

3.12 One respondent commented on this proposal, suggesting that we amend the proposed new wording to make clear that the declaration only applies to any obligations within SUP 12 that arise up to the point of appointment. We can confirm our intent is that the declaration would only apply in relation to obligations that applied up to and including the point of declaration; in this case, on appointment of the AR. We do not consider it necessary to amend the proposed wording of the declaration in light of the comment received.

Our response

3.13 We will implement the proposals as set out in CP18/14.

3.14 CP18/14 made clear that we proposed to amend the AR appointment form and contained the correct proposed additional text. As no objections have been received to that proposal, we will proceed with amending the appointment form at SUP 12 Annex 3R, as set out in CP18/14. For the avoidance of doubt, we are not amending the change of details form at SUP 12 Annex 4R.

Changes to rules for execution-only sales of insurance-based investment products

3.15 The IDD permits insurance-based investment products (IBIPs) to be sold without an appropriateness assessment (otherwise known as on an 'execution-only' basis) where the relevant IBIPs are deemed to be non-complex. The rules we introduced as part of the IDD implementation require an appropriateness assessment to be carried out for the sale of an IBIP. However, the rules also permit execution-only sales for non-complex IBIPs. The European Insurance and Occupational Pensions Authority (EIOPA) has issued guidelines on determining whether an IBIP is classed as non-complex. We have notified EIOPA of our intention to comply with these guidelines as part of this process. In CP18/14 we proposed to incorporate a note in The Conduct of Business sourcebook (COBS) 10A.4, which cross-refers to these guidelines.

3.16 We asked:

Q2.3: Do you agree with our proposed changes to COBS 10A?

Feedback

3.17 We received no feedback in relation to this proposal.



Our response

3.18 We will implement this proposal as set out in CP18/14.

Minor amendments

3.19 The FCA Board has also made minor changes to various modules of the Handbook, as listed below:

- an amendment to section 28.3 of the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) to clarify that the requirements concerning employee good repute do not apply to a connected travel insurance intermediary
- deletion of some text from the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU) to ensure that the whole of MIPRU 2.3 is deleted as intended
- two changes to COBS. The first is to correct a cross-reference and a defined term in COBS 2.3A. The second is to clarify the extent to which a rule in COBS 9A is derived from the IDD, and
- a change to the General Provisions (GEN), which contains transitional provisions allowing firms to comply with the IDD rules early. This change is to confirm that the transitional provisions apply to the amendments made in this Handbook Notice as well as the IDD rules published in May 2018

3.20 These changes relate to the instrument published in May 2018 for the implementation of the IDD. These additional changes were not consulted on because they are minor amendments which make the text clearer or fix drafting errors. None of these changes represents any alteration in FCA policy.

Cost benefit analysis, compatibility, and equality and diversity

3.21 The cost-benefit analyses, compatibility statements and assessment of equality and diversity impacts remain the same as set out in Chapter 2 of CP18/14.

3.22 The changes made by this instrument are listed in Chapter 2 of this Notice.

CP18/14 Quarterly Consultation Paper: No 21 – Chapter 4

Banking (Information about Current Account Services) (Amendment) Instrument 2018



Background

- 3.23 In December 2017, the FCA made rules requiring providers of personal and business current accounts to make information about current account services available to customers and the public. These promote effective competition by helping customers and intermediaries to make meaningful comparisons between providers based on quality of service, and by incentivising providers to improve service and performance. Providers will publish information from 15 August 2018.
- 3.24 Subsequent technical discussions with firms preparing to implement the requirements revealed that certain rules do not achieve the outcome set out in our policy statement, and would more proportionately achieve those outcomes if amended.

Summary of proposals

- 3.25 In CP18/14, we consulted on minor technical amendments following discussions with firms preparing to implement the above rules, ensuring that we can deliver our objective of furthering competition through clear and consistent information to customers. These amendments relate to:
- Day counts – distinguishing between same-day and next-day service, to provide firms with an incentive to make improvements to achieve a same-day service to customers
 - Information about the speed of the account opening process – allowing firms to include existing customers when measuring the speed at which they open a new current account (if the process for account opening does not distinguish between new and existing customers)
 - Availability of certain services and helplines – proposing simple amendments to the tables that firms will publish to reflect how they deliver banking services to customers, and
 - Publication of information using API – amending rules to allow firms to use the standard specification Application Programming Interface (API) published by Open Banking to meet our requirements for publication of service metrics

Feedback

- 3.26 We received one response, from UK Finance. It supported the proposals to make technical changes to BCOBS 7 as outlined in the consultation, with one exception. This related to our proposals to separate out in Table 2 the availability of help and support for services of 'checking the balance' and 'accessing a transaction history', and also the services of 'sending money within the UK' and 'setting up a standing order'. The respondent argued that there was no difference in the availability of help and support about these services. Given this, the additional rows proposed in Table 2 would merely duplicate information and the



amended table would be less accessible and clear to customers because of its increased size. However, the respondent supported our proposed separation of these actions in relation to information about how these actions could be performed (in Table 3).

Our response

3.27 We agree that, given how banks provide help and support in practice, the changes we proposed to Table 2 would not improve the quality of information provided to customers relative to the original rules, and propose not to proceed with this change, so that instead these rows will continue to be aggregated as originally proposed. We have adjusted the wording in the table to be fully consistent with changes made elsewhere.

3.28 We are taking forward all the other proposed technical changes.

Cost benefit analysis and compatibility statement

3.29 We continue to believe the proposed changes will not give rise to any increase in costs relative to the rules already made following consultation in the Banking (Information about Current Account Services) Instrument 2017/78 and therefore do not consider that a further cost benefit analysis is required. The compatibility statement from the consultation paper has not changed because we have made no substantive alterations to our proposals following the consultation process.

Equality and diversity issues

3.30 We continue to believe that these changes do not give rise to any equality and diversity issues nor do they give rise to unfair discrimination against protected groups as set out in the consultation paper.

3.31 The changes made by this instrument are listed in Chapter 2 of this Notice.

CP17/39 Quarterly Consultation Paper: No 19 - Chapter 3

Listing Rules and Disclosure Guidance and Transparency Rules (Miscellaneous Amendments) Instrument 2018

Background

3.32 In CP17/39,¹³ we proposed minor amendments to the Listing Rules (LR) and Disclosure Guidance and Transparency Rules (DTR) sourcebooks, to

13 [CP17/39 'Quarterly Consultation Paper: No 19' \(December 2017\)](#)



clarify existing provisions in the Handbook. The consultation opened on 1 December 2017 and closed on 1 February 2018.

Premium Listing Principle 6

3.33 In CP17/39, we proposed to clarify Premium Listing Principle 6 (PLP6). PLP6 was adopted in its current form in 2014, when the existing Listing Principles in the LR were revised to distinguish between those that would apply just to premium listed companies and those that would apply to all listed companies. PLP6 provides that a premium listed company must communicate information to holders and potential holders of its premium listed securities and its listed equity shares in such a way as to avoid the creation of a false market in those premium listed securities and listed equity shares.

3.34 PLP6 is the direct successor of the former Listing Principle 4 (LP4). When consulting on PLP6 in CP12/25,¹⁴ we said that PLP6 restated LP4, which required a listed company to communicate information to holders and potential holders of its listed shares in such a way as to avoid the creation or continuation of a false market in those listed securities. However, the PLP6 formulation did not make explicit reference to the 'continuation' as well as the 'creation' of a false market. To be consistent with the position we communicated in CP12/25, and to provide clarification for Handbook users, we proposed to change PLP6 to reinsert the words 'or continuation' after 'creation'.

Diversity Reporting

3.35 In CP17/39, we also proposed amendments to DTR 7.2, relating to requirements on diversity reporting. In DTR 7.2.8AR, we specify the requirements for reporting by certain issuers on their diversity policy in accordance with the provisions of the Accounting Directive (AD). These elements of reporting must be included, as required by our rules and by the AD, within the corporate governance statement the issuer is required to make under DTR 7.2.1R and corresponding provisions of the directive.

3.36 In DTR 7.2.9R, we give the option to the issuer to set out its corporate governance statement in a separate report published together with its annual report, or alternatively in a document published on the company's website. We also explicitly provide that reporting requirements on other topics required by DTR 7.2 can be made through the corporate governance statement.

3.37 When introducing the diversity reporting requirements, we omitted also to include explicit reference to these within the reporting items specified in DTR 7.2.9R and DTR 7.2.1R. We proposed to change the wording of those provisions to address this omission.

14 [CP12/25 'Enhancing the effectiveness of the Listing Regime and feedback on CP12/2' \(October 2012\)](#)



Feedback

- 3.38 We received two responses to the consultation, one from an investor representative and one from a representative of the legal community. Both respondents registered their support for each of our proposals and no further issues were raised.

Our response

- 3.39 We are introducing the rule changes in the form we proposed in the consultation.

Cost benefit analysis and compatibility statement

- 3.40 In CP17/39, we said that we do not consider that our proposals will create any additional costs but, in providing clarity, will create potential benefits of greater certainty to users, even though these are difficult to quantify. We also considered the FCA's duty to promote effective competition in the interests of consumers and concluded that we do not think the proposals will have an impact in this area. We said that we think they are compatible with our strategic objective and advance our operational objectives as they ensure the Handbook continues to be clear and up to date, providing an appropriate level of information to stakeholders.

- 3.41 We think our analysis on these points remains valid.

Equality and diversity issues

- 3.42 We considered the equality and diversity issues that may arise from the proposals. In the CP we said that we do not consider that the proposals adversely impact any of the groups with protected characteristics: ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment. We think our analysis on these points remains valid.
- 3.43 The changes made by this instrument are listed in Chapter 2 of this Notice.

CP18/14 Quarterly Consultation Paper: No 21 - Chapter 6

Enforcement (Social Entrepreneurship Funds, Venture Capital Funds and Money Market Funds) Instrument 2018

Background

- 3.44 On 1 June, we consulted on proposals to amend the Decision Procedure and Penalties Manual (DEPP) and the Enforcement Guide (EG) in light of recent legislative changes in relation to investment funds, namely: social entrepreneurship funds, venture capital funds and money



market funds. These changes were based on two different statutory instruments:

- the Alternative Investment Fund Managers (Amendments) Regulations 2018 (AIFMAR 2018), and
- the Money Market Funds Regulations 2018 (MMFR 2018)

Alternative Investment Fund Managers (Amendments) Regulations 2018 (AIFMAR 2018)

- 3.45 The AIFMAR 2018 made changes to the procedure for making an application to register as a manager of a European social entrepreneurship fund (EuSEF) and a European venture capital fund (EuVECA), and for refusal and revocation of these registrations.
- 3.46 In light of these amendments we are updating EG 19.27 to ensure that it correctly reflects the changes by adding EuSEF and EuVECA to the list of alternative investment funds, so that it is clear that the relevant section applies to these types of funds.
- 3.47 We are also updating DEPP to apply our decision-making procedure to new registration and withdrawal decisions.
- 3.48 Where we propose to refuse an application for registration as a qualifying EuSEF or EuVECA and where we decide to refuse an application for registration as a qualifying EuSEF or EuVECA, if no representations are made to us, the executive procedure will be followed to make the decision.
- 3.49 The Regulatory Decisions Committee (RDC) will be the decision maker where we decide to refuse an application for registration as a qualifying EuSEF or EuVECA if representations are made to us. The RDC will also be the decision maker where we propose and decide to revoke the registration of a qualifying EuSEF or EuVECA.

Money Market Funds Regulations 2018 (MMFR 2018)

- 3.50 The MMFR 2018 is directly applicable law and does not require implementation by individual Member States. However, the Treasury amended UK legislation to give us certain powers to authorise and supervise funds under the MMFR 2018.
- 3.51 We are updating EG 19.27 to ensure that this section correctly reflects the MMFR 2018 by including money market funds (MMFs) authorised under the AIFM Directive to the list of alternative investment funds to make it clear that this section relates to this type of fund.
- 3.52 We are also amending DEPP to set out the relevant decision-making procedure.



- 3.53 Where we propose to refuse an application made by a UK alternative investment fund (AIF) for authorisation as an MMF and where we decide to refuse an application made by a UK AIF for authorisation as an MMF, if no representations are made to us, this decision will be made in accordance with the executive procedure.
- 3.54 The RDC will be the decision maker where we decide to refuse an application made by a UK AIF for authorisation as an MMF if representations are made to us and where we propose and decide to revoke the authorisation of an MMF.
- 3.55 For authorised unit trusts (AUTs), authorised contractual schemes (ACSs) and investment companies with variable capital (ICVCs) to be authorised as MMFs, we are not making any changes to EG, as these types of funds will be covered by the FSMA or Open Ended Investment Company (OEIC) regime. We are amending DEPP to specify that a decision to give a warning notice or a decision notice refusing an application for an authorisation as an MMF will be taken by the RDC only if the application is made by an authorised fund manager who is not the operator of an existing AUT, ACS or ICVC. Otherwise, the decision to give a warning notice and a decision notice will be taken by the FCA staff under the executive procedures.

Feedback

- 3.56 We received no feedback.

Our response

- 3.57 No response is required as no feedback was received.

Cost benefit analysis and compatibility statement

- 3.58 The cost benefit analysis and compatibility statement in our Quarterly Consultation Paper: No 21 - Chapter 6, remain unchanged.

Equality and diversity issues

- 3.59 We continue to believe the changes do not give rise to discrimination as stated in our Quarterly Consultation Paper: No 21 - Chapter 6.
- 3.60 The changes made by this instrument are listed in Chapter 2 of this Notice.

CP18/14 Quarterly Consultation Paper: No 21 - Chapter 5

Enforcement (Financial Services Act 2012 (Mutual Societies) Order 2018) Instrument 2018

Background



- 3.61 The Financial Services Act 2012 (Mutual Societies) Order 2018 transferred the registration of credit unions and industrial and provident societies (now called 'cooperative and community benefit societies') located in Northern Ireland to us, from Northern Ireland's Department for the Economy.
- 3.62 Northern Ireland credit unions, cooperatives and community benefit societies (collectively called 'mutual societies') are already regulated by us where they carry out a regulated activity. We are now also the registering authority under the following and as modified by consequent legislation:
- the Credit Unions (Northern Ireland) Order 1985 (Order85), and
 - the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 (Act69)
- 3.63 Under Order85 and Act69, we have the same functions and powers to refuse, suspend or cancel the registration of, initiate criminal proceedings against, or apply for the winding-up of Northern Ireland (NI) mutual societies as we have over mutual societies located in Great Britain (GB).
- 3.64 We are updating EG 19.2 and 19.3 with references to NI mutual societies so that it is obvious that the relevant sections apply to both GB and NI mutual societies. We are also amending DEPP to set the decision-making procedures.
- 3.65 In respect of NI cooperative and community benefit societies the following are the decision makers:
- when we give at least two-months' notice of a proposed cancellation or suspension of a registration of a registered society, the decision will be made by FCA staff under the executive procedure
 - when we propose to cancel or suspend the registration of a registered society while relying on section 15(1)(c)(ii) of Act69, the decision maker will be FCA staff under the executive procedure where no representations are made to our notice of proposed cancellations or suspensions, and otherwise the decision will be made by the Regulatory Decisions Committee (RDC), and
 - when we propose to petition for the winding up of a registered society or prosecute a registered society the decision maker will be the RDC
- 3.66 In respect of NI credit unions the following are the decision makers:



- when we give at least two-months' notice of a proposed cancellation or suspension of a registration of a NI credit union the decision will be made by FCA staff under the executive procedure
- when we propose to cancel or suspend the registration of a registered society while relying on section 60(1)(c)(ii) of Order85, the decision maker will be FCA staff under the executive procedure where no representations are made to our notice of proposed cancellation or suspension (otherwise the decision will be made by the RDC), and
- when we propose to petition for the winding up of a registered society or prosecute a registered society the decision maker will be the RDC

Feedback

3.67 We received no feedback.

Our response

3.68 No response is required as no feedback was received.

Cost benefit analysis and compatibility statement

3.69 The cost benefit analysis and compatibility statement in our Quarterly Consultation Paper: No 21 - Chapter 5, remain unchanged.

Equality and diversity issues

3.70 We continue to believe the changes do not give rise to discrimination as stated in our Quarterly Consultation Paper: No 21 - Chapter 5.

3.71 The changes made by this instrument are listed in Chapter 2 of this Notice.



4 Additional information

Making corrections

- 4.1 The FCA reserves the right to make correctional or clarificatory amendments to the instruments made at the Board meeting without further consultation should this prove necessary or desirable.

Publication of Handbook material

- 4.2 This Notice is published on the FCA website and is available in hardcopy.
- 4.3 The formal legal instruments (which contain details of the changes) can be found on the FCA's website listed by date, reference number or module at www.handbook.fca.org.uk/instrument. The definitive version of the Handbook at any time is the version contained in the legal instruments.
- 4.4 The changes to the Handbook are incorporated in the consolidated Handbook text on the website as soon as practicable after the legal instruments are published.
- 4.5 The consolidated text of the Handbook can be found on the FCA's website at www.handbook.fca.org.uk/. A print version of the Handbook is available from The Stationery Office's shop at: www.tsoshop.co.uk/Financial-Conduct-Authority-FCA/.
- 4.6 Copies of the FCA's consultation papers referred to in this Notice are available on the FCA's website.

Obligation to publish feedback

- 4.7 This Notice, and the feedback to which Paragraph 1.4 refers, fulfil for the relevant text made by the Board the obligations in sections 138I(4) and (5) and similar sections of the Financial Services and Markets Act 2000 (the Act). These obligations are: to publish an account of representations received in response to consultation and the FCA's response to them; and to publish (where applicable) details of any significant differences between the provisions consulted on and the provisions made by the Board, with a cost benefit analysis and a statement under section 138K(4) of the Act if a proposed altered rule applies to authorised persons which include mutual societies.



Comments

- 4.8 We always welcome feedback on the way we present information in the Handbook Notice. If you have any suggestions, they should be sent to handbookproduction@fca.org.uk (or see contact details on the back cover).

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This Handbook Notice describes the changes to the Handbook and other material made by the Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 28 June and 26 July 2018. It also describes changes made by the Board of the Financial Ombudsman Service to its rules and standard terms on 25 July 2018, with the approval of the FCA Board. It also contains information about other publications relating to the Handbook and, if appropriate, lists minor corrections made to previous instruments made by the Board.

Contact names for the individual modules are listed in the relevant Consultation Papers and Policy Statements referred to in this Notice.

General comments and queries on the Handbook can be addressed to:

Emily How

Tel: 020 7066 2184

Email: emily.how@fca.org.uk

Colin Shields

Tel: 020 7066 0671

Email: colin.shields@fca.org.uk

However, queries on specific requirements in the Handbook should be addressed first to your normal supervisory contact in the FCA. For most firms this will be the FCA's Contact Centre:

Tel: 0300 500 0597

Fax: 0207 066 0991

Email: firm.queries@fca.org.uk

Post: Contact Centre

Financial Conduct Authority

12 Endeavour Square

London E20 1JN

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 0790 or email publications_graphics@fca.org.uk or write to Editorial and Digital Department, Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN.