



No.29

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# Handbook Notice

January 2016

Financial Conduct Authority





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## Handbook Notice 29

This Handbook Notice introduces the Handbook and other material made by the Financial Conduct Authority (FCA) Board under its legislative powers on 28 January 2016. 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:

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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:	020 7066 0991
Email:	<a href="mailto:firm.queries@fca.org.uk">firm.queries@fca.org.uk</a>
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All our publications are available to download from [www.fca.org.uk](http://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](mailto:publications_graphics@fca.org.uk) or write to Editorial and Digital Department, Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

# 1. Overview

## Legislative changes

- 1.1** On 28 January 2016, the FCA Board made changes to the Handbook in the instruments listed below.

CP	Title of instrument	Instrument No.	Changes effective
15/22	Individual Accountability (Extension of Scope) and Whistleblowing (Amendment) Instrument 2016	2016/1	7.3.16; 7.9.16
15/37	Individual Accountability (Swiss General Insurers) Instrument 2016	2016/3	15.2.16; 7.3.16
15/27; 15/8	UCITS V Directive Instrument 2016	2016/4	18.3.16
15/21; 14/31	Credit Unions Sourcebook (Amendment No 8) Instrument 2016	2016/5	3.2.16; 7.3.16
15/28	Listing Rules and Disclosure and Transparency Rules (Miscellaneous Amendments) Instrument 2016	2016/6	29.1.16
N/A	Individual Accountability (Regulatory References) (Interim Requirements) Instrument 2016	2016/7	7.3.16

## Summary of changes

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

## Feedback on responses to consultations

- 1.3** Consultation feedback is published in Chapter 3 of this Notice or in separate Policy Statements.

**FCA Board dates for 2016**

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- 1.4** The tables below contain a list of forthcoming FCA board meetings. These dates are subject to change without prior notice.

February	25
March	17
April	21
May	26
June	23
July	21
September	22
October	20
November	2 and 3
December	8

## 2. Summary of changes

- 2.1** This chapter briefly describes FCA Handbook changes made by the Board on 28 January 2016. 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 <http://www.bankofengland.co.uk/pru/Pages/publications/default.aspx>

### ***Individual Accountability (Extension of Scope) and Whistleblowing (Amendment) Instrument 2016 (FCA 2016/1)***

- 2.2** Following consultation in CP15/22<sup>1</sup>, the FCA Board has made changes to the FCA Handbook sections listed below:

**Glossary**  
**SYSC 5, 8 and TP 15**  
**COCON 1**  
**TC 2**  
**IFPRU 2**

- 2.3** In summary, this instrument makes final rules to extend the Certification Regime to wholesale market activities. It also makes consequential amendments to the whistleblowing rules in SYSC as a result of the final rules on foreign branches. The changes confirm that the whistleblowing rules are not applied to foreign branches.
- 2.4** Part of the instrument comes into force on **7 March 2016** and the remainder on **7 September 2016**.

### ***Individual Accountability (Swiss General Insurers) Instrument 2016 (FCA 2016/3)***

- 2.5** Following consultation in CP15/37<sup>2</sup>, the FCA Board has made changes to the FCA Handbook sections listed below:

**SYSC 2**  
**COCON 1**  
**SUP 10A and TP 7**

- 2.6** In summary, this instrument applies interim rules to Swiss General Insurers (GIs) to reflect the PRA's treatment of UK branches of Swiss GIs within the scope of the new SIMR rules as large Non-Directive Firms (NDFs).

<sup>1</sup> CP15/22 *Strengthening accountability in banking: Final rules(including feedback on CP14/31 and CP15/5) and consultation on extending the Certification Regime to wholesale market activities* (July 2015)

<sup>2</sup> CP15/37 *Consequential amendments to the Senior Insurance Managers Regime (SIMR)* (November 2015)

- 2.7** Part of the instrument comes into force on **15 February 2016** and the remainder on **7 March 2016**. Feedback to this consultation will be published in a separate Policy Statement.

#### ***UCITS V Directive Instrument 2016 (FCA 2016/4)***

- 2.8** Following consultation in CP15/27<sup>3</sup> and CP15/8<sup>4</sup>, the FCA Board has made changes to the FCA Handbook sections listed below:

**Glossary**  
**SYSC 1, 4, 19C, 19E and TP 3**  
**IPRU(INV) TPs, 5, App 1**  
**CASS 1 and 6**  
**SUP 13, 16 and TPs**  
**COLL 4, 5, 6, 12 and TPs**  
**FUND 3**

- 2.9** In summary, this instrument makes final rules and guidance implementing the UCITS V Directive. These rules and guidance improve investor protection by strengthening the regime applicable to depositaries, which keep the assets of UCITS safe and provide oversight of the fund manager's key duties. They will also make UCITS management companies subject to remuneration principles designed to prevent excessive risk-taking by relevant fund manager staff, similar to those applicable under other sectoral legislation.
- 2.10** This instrument also includes some final guidance for depositaries of alternative investment funds (AIFs) we consulted on in Chapter 4 of CP15/8.
- 2.11** This instrument comes into force on **18 March 2016**. Feedback to this consultation will be published in a separate Policy Statement.

#### ***Credit Unions Sourcebook (Amendment No 8) Instrument 2016 (FCA 2016/5)***

- 2.12** Following consultation in CP15/21<sup>5</sup> and CP14/31<sup>6</sup>, the FCA Board has made changes to the FCA Handbook sections listed below:
- CREDS 1 to 5, 7 to 10, App 1.1, Schedules 2, 3, 5 and 6, TPs**
- 2.13** In summary, this instrument makes final rules to facilitate the proposed PRA changes and make some improvements to CREDS, particularly to clarify the responsibilities of the FCA (as distinct from the PRA), change some current guidance provisions into rules, adjust credit unions' regulatory reporting arrangements, and correct oversights, omissions, inconsistencies and outdated provisions. The rules also finalise the consequential changes to CREDS needed as a result of the new accountability regime for the banking sector (including credit unions).
- 2.14** Part of the instrument comes into force on **3 February 2016** and the remainder on **7 March 2016**. Feedback to this consultation will be published in a separate Policy Statement.

<sup>3</sup> CP15/27 *UCITS V implementation and other changes to the Handbook affecting investment funds* (September 2015)

<sup>4</sup> CP15/8 *Quarterly Consultation Paper No. 8* (March 2015)

<sup>5</sup> CP15/21 *Reform of the legacy Credit Unions sourcebook* (June 2015)

<sup>6</sup> CP14/31 *Strengthening accountability in banking: forms, consequential and transitional aspect* (December 2014)

***Listing Rules and Disclosure and Transparency Rules (Miscellaneous Amendments)  
Instrument 2016 (FCA 2016/6)***

- 2.15** Following consultation in CP15/28<sup>7</sup>, the FCA Board has made changes to the FCA Handbook sections listed below:
- GENPRU 1 and 2**
  - SUP 3**
  - LR 5 and 9**
  - DTR 1B, 4 and 7**
- 2.16** In summary, this instrument makes final rules to amend the Listing Rules (LR) cancellation provisions to maintain investor protection; bring the Disclosure and Transparency Rules (DTR) into line with the Accounting Directive (AD); and make miscellaneous amendments to ensure that the rules in our Handbook are effective and fit for purpose, in turn enhancing and protecting market integrity.
- 2.17** This instrument comes into force on **29 January 2016**. Feedback to this consultation is published in Chapter 3 of this Notice.

***Individual Accountability (Regulatory References) (Interim Requirements)  
Instrument 2016 (FCA 2016/7)***

- 2.18** The FCA Board has made interim rule changes to the FCA Handbook sections listed below:
- Glossary**
  - SYSC 1 and 5**
  - SUP 10A and 10C**
- 2.19** In summary, this instrument makes final rules and guidance to implement an interim referencing requirement for the Approved Persons and Senior Management Regimes. These rules will (a) require relevant authorised persons (banks, building societies, credit unions and PRA investment firms) to give a reference when another firm wants to appoint someone to a pre-approved role and (b) confirm that firms that are not relevant authorised persons are obliged to give a reference when a relevant authorised person wishes to appoint someone to a pre-approved role under the senior management regime. This is an interim position in advance of the final referencing regime being implemented post-commencement of the senior manager and certification regime.
- 2.20** This instrument comes into force on **7 March 2016**.

<sup>7</sup> CP15/28 Quarterly Consultation Paper No.10 (September 2015)

## 3. Consultation feedback

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

### **CP15/28 Quarterly Consultation (No.10) Chapter 8**

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#### ***Listing Rules and Disclosure and Transparency Rules (Miscellaneous Amendments) Instrument 2016 (FCA 2016/6)***

##### ***Background***

- 3.2** In September 2015 we consulted on some minor changes to parts of the FCA Handbook, including:
- amending the Listing Rules (LR)
  - amending the Disclosure and Transparency Rules (DTR)
  - amending LR, DTR, and the General Prudential sourcebook (GENPRU) and the Supervision manual (SUP)
- 3.3** We are now providing feedback on these proposals.
- 3.4** Additionally, we consulted on proposed amendments to the Prospectus Rules to reflect the draft regulatory technical standards on the Prospectus Directive 2003/71/EC arising from the Omnibus II Directive 2014/51/EU, which were published by the European Securities and Markets Authority on 25 June 2015. We also proposed changes to the DTRs to implement the Statutory Audit Amending Directive 2014/56/EU. However, as we do not propose to amend these rules in this instrument, we are not providing feedback for these proposals.

##### ***Summary of proposals***

- 3.5** The key amendments to the LR aim to resolve a disparity between the various cancellation rules applicable to premium listed issuers. In particular, we propose to delete LR 5.2.11DR and make consequential amendments to LR 5.2.4R, LR 5.2.11AR and LR 5.2.11CR.
- 3.6** We also propose to make some minor updates to the DTR to reflect the transposition of the Accounting Directive 2013/34/EU (AD) which was implemented by the Department for Business, Innovation and Skills (BIS) on 6 April 2015. The Directive repeals and replaces the Fourth Company Law Directive 78/660/EEC and the Seventh Company Law Directive 83/249/EEC. In particular, the changes made by BIS relate to the preparation of the annual accounts of companies and other associated matters and apply to financial years beginning on or after 1 January 2016.

- 3.7** Finally, we propose to make some miscellaneous amendments to the LR, DTR, General Prudential sourcebook (GENPRU) and the Supervision manual (SUP) to update a number of references in our Handbook that are out of date.

***Feedback***

- 3.8** The consultation closed on 5 November 2015. We received eight responses.
- 3.9** Proposed amendments to the LR cancellation provisions were covered by question 8.1 in the Consultation Paper (CP). The proposed DTR changes which reflect AD transposition were covered by questions 8.10 to 8.15 in the CP. The proposed changes to LR, DTR, GENPRU and SUP were covered by question 8.16. Respondents offered detailed responses to questions 8.1., 8.11 and 8.14. We have decided to proceed with the proposals outlined in the CP, subject to an amendment to DTR 4.1.11R(1) to reflect the feedback we received.

***Cancellation provisions in the LR (Q8.1)***

- 3.10** We received two responses to question 8.1 on our proposal to amend the cancellation rules applicable to premium listed issuers to address a disparity in the cancellation requirements between cancellations arising from a takeover bid involving a controlling shareholder, and cancellations which did not. In CP 15/28 we discussed a number of options. One respondent agreed that our approach represented the most sensible option. Another requested that we consider introducing transitional measures to avoid disruption to any takeover bids in progress at the time of the rule change.

***AD transposition – DTR changes (Q8.10 to 8.15)***

- 3.11** We received three responses to question 8.11 on our proposal to retain DTR 4.1.11R(1), which requires issuers to disclose important events that have occurred since the end of the financial year in the management report. Respondents were concerned that our proposal could lead to the duplication of information in the Annual Report for those issuers that are subject both to the AD and the Transparency Directive 2004/109/EC (TD). To ease this burden for such issuers, one respondent suggested that issuers might be required to disclose material events that occur after the reported balance sheet date in the accounts rather than retaining this information in the management report. This would align the DTR requirement with the AD, and limit extra burden for European Economic Area issuers.
- 3.12** Question 8.14 covered our proposals to make minor changes to DTR 7.2.2R, DTR 7.2.3R and DTR 7.2.9R which relate to issuers' corporate governance statements. One respondent suggested that DTR 7.2.3R should be amended to include the whole of the second paragraph of Article 20(1)(a) of the AD and state that an issuer must also indicate where the relevant texts of the corporate governance code are publicly available.

***Our response***

- 3.13** We have decided to go ahead with our amendments to the cancellation provisions in LR 5. We have not included a transitional provision but would advise any person who thinks that any current or planned transaction may be affected by the amendments to the cancellation provisions to contact the FCA to discuss their particular circumstances.
- 3.14** In the case of DTR 4.1.11R(1), our intention was not to add unnecessary burden for issuers caught by both the AD and the TD. Instead, the retention of this rule was intended to ensure that some issuers, specifically third-country issuers, were not able to avoid disclosing such events entirely. We have therefore amended the rule to require the management report to give an indication of any important events that have occurred since the end of the financial year unless those events are reflected in the issuer's profit and loss account or balance sheet, or disclosed in the notes to the issuer's audited financial statements. This aims to minimise any

additional burden on issuers subject to AD and TD requirements, but also ensure all entities to which DTR 4 applies are required to disclose important events occurring after the end of the relevant reporting period.

- 3.15** We have concluded that, regarding the response to question 8.14, no amendments are required as DTR 7.2.3R already includes the suggested amendment in DTR 7.2.3R(1)(a).

***Cost benefit analysis (CBA) and compatibility statement***

- 3.16** The cost benefit analysis and compatibility statement published in CP15/28 remain unchanged.

***Equality and diversity issues***

- 3.17** We did not receive any feedback on our statement in CP15/28. Therefore, we do not believe that these proposals raise any equality or diversity concerns. We continue to consider that this is the case.

- 3.18** The changes made by this instrument are listed in Chapter 2 of this Notice.

## 4. Additional information

### Making corrections

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- 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.
- 4.2 In February 2015 the FCA Board made legal instrument FCA 2015/4 Conduct of Business Sourcebook (Retirement Guidance Guarantee) Instrument 2015. The commencement date for part of this instrument is 'the date on which the Pension Schemes Act 2015 comes into force.' For clarity, this date is 3 March 2015.

### Publication of Handbook material

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- 4.3 This Notice is published on the FCA website.
- 4.4 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 <https://www.handbook.fca.org.uk/>. The definitive version of the Handbook at any time is the version contained in the legal instruments.
- 4.5 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.
- 4.6 The consolidated text of the Handbook can be found on the FCA's website at <https://www.handbook.fca.org.uk>.
- 4.7 Copies of the FCA's consultation papers are available on the FCA's website.

### Obligation to publish feedback

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- 4.8 This Notice, and the feedback to which paragraph 1.6 refers, fulfil the FCA Board's obligations under 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 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 rule applies to authorised persons, including mutual societies.

**Comments**

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- 4.9** We always welcome feedback on the way we present information in the Handbook Notice. If you have any suggestions, please use the contact details at the front of this Notice.





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