

Quarterly consultation No.5

June 2014



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The Financial Conduct Authority invites comments on this Consultation Paper.

Comments on Chapters 2 should reach us by 6 July 2014 and on all remaining chapters by 6 August 2014.

Comments may be sent by electronic submission using the form on the FCA's website at www.fca.org.uk/your-fca/documents/consultation-papers/cp14-08-response-form.

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If you are responding in writing to several chapters please send your comments to Saira Hussain in Communications and International, who will pass your responses on as appropriate.

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A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.

You can download this Consultation Paper from our website: www.fca.org.uk.

Abbreviations used in this paper

AFM	authorised fund manager
AMCT	Associate Member of the Association of Corporate Treasurers
APR	annual percentage rate of charge
BCOBS	Banking Conduct of Business sourcebook
CBA	cost benefit analysis
CBG	Credit Brokers and Intermediaries Guidance
CISI	Chartered Institute for Securities and Investments
COLL	Collective Investment Schemes sourcebook
CONC	Consumer Credit sourcebook
CP	Consultation Paper
CTF	Child Trust Fund
DEPP	Decision Procedure and Penalties Manual
EEA	European Economic Area
EG	Enforcement Guide
ERN	employer's reference number
EL	employer's liability
ELR	employer's liability register
ELTO	Employer's Liability Tracing Office
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FSA	Financial Services Authority
FSMA	Financial Services and Markets Act 2000

GABRIEL	Gathering Better Regulatory Information EElectronically
IA	Immigration Act
ICOB	Insurance Conduct of Business sourcebook
ILG	Irresponsible Lending Guidance
IMA	Investment Management Association
ISA	Individual Savings Account
MCT	Member of the Association of Corporate Treasurers
OFT	Office of Fair Trading
PERG	Perimeter Guidance manual
PS	Policy Statement
PSD	product sales data
QIS	qualified investor scheme
RDC	Regulatory Decisions Committee
SORP	Statement of Recommended Practice
SUP	Supervision manual
TC	Training and Competence sourcebook
TP	Transitional provision

1. Overview

Chapter No	Purpose of proposed changes to Handbook	Consultation closing period
2	Changes to the Training and Competence sourcebook (TC) list of appropriate qualifications.	6 July 2014
3	Minor amendments to the Consumer Credit sourcebook (CONC) and other sourcebooks in relation to the transfer of consumer credit regulation.	6 August 2014
4	Amends several parts of Chapter 16 of the Supervision manual (SUP).	6 August 2014
5	Requires banks and building societies offering current accounts to confirm to us each year that they have complied with the provisions of the Immigration Act	6 August 2014
6	Amends our rules in the Insurance: Conduct of Business sourcebook (ICOBS) in relation to employers' liability registers (ELRs) and the collection of employer reference numbers (ERNs). Amends the scope of related provisions regarding directors' certificates and auditor reports.	6 August 2014
7	Amends the information disclosed in periodic reports and accounts for authorised funds, for example by enhancing the presentation of costs and charges borne by the fund.	6 August 2014

2. Changes to the Training and Competence sourcebook (TC)

Introduction

- 2.1** The Training and Competence sourcebook (TC) sets out the qualification requirements for individuals carrying out certain retail activities. We consult for one month each time a new qualification is added, removed or other changes are made to the list of appropriate qualifications.
- 2.2** This chapter will be of interest to firms and individuals who are subject to our TC requirements. The text of the proposed amendments and the statutory powers they will be made under can be found in Appendix 2.

Summary of proposals

- 2.3** We propose adding six new qualifications to the appropriate qualifications list in TC and amending the details of two existing qualifications. We also propose adding one new qualification provider.

New qualifications and provider

- 2.4** We propose adding six new qualifications to the appropriate qualifications list for various TC activities.
- 2.5** In relation to TC activities 4¹ and 6² we propose to add:
- ifs University College (formerly the ifs School of Finance / Chartered Institute of Bankers) - Level 6 Diploma in Financial Advice (Adv. Dipfa).
- 2.6** In relation to TC activities 7³ we propose to add:
- Chartered Insurance Institute - Diploma in Financial Planning (with appropriate gap fill) plus the Award in Long Term Care, and

1 TC activity 4 (Advising on retail investment products which are not broker funds)

2 TC activity 6 (Advising on friendly society tax-exempt policies (other than Holloway sickness policies where the Holloway policy special application conditions are met))

3 TC activity 7 (Advising on long-term care insurance contracts)

- Chartered Insurance Institute - Diploma in Regulated Financial Planning plus the Award in Long Term Care Insurance.

2.7 In relation to TC activity 11⁴ we propose to add:

- ifs University College (formerly the ifs School of Finance / Chartered Institute of Bankers) - Pension Transfers plus Diploma for Financial Advisers (DipFA®) post 2010 exam standards.

2.8 In relation to TC activities 15⁵, 16⁶, 17⁷, 18⁸ and 19⁹ we propose to add:

- CFA Institute - Claritas Investment Certificate.

2.9 In relation to TC activities 20¹⁰ we propose to add:

- Chartered Insurance Institute - Certificate in Advanced Mortgage Advice.

2.10 We also propose amending the details for two existing qualifications on our appropriate qualifications list as listed below.

- The activities listed for the Chartered Institute for Securities and Investments (CISI) - Investment Administration Qualification – ISA and CTF Administration Module. This is listed as being appropriate for TC activity 17, instead of TC activities 15, 16 and 17.
- The listing for the Association of Corporate Treasurers to reflect the qualifications awarded to the different membership categories - MCT Advanced Diploma (Member or Fellow) or AMCT Diploma in Treasury (Associate Member).

2.11 Lastly, we propose adding the following new qualification and qualification provider to the list of qualifications:

- the University of Northampton – BSc Banking and Financial Planning – to be added to TC activities 4 and 6.

Q2.1: Do you know of any reason why these qualifications should not be added and/or amended on our appropriate qualifications?

4 TC activity 11 (Undertaking the activity of a pension transfer specialist)

5 TC activity 15 (Overseeing on a day-to-day basis the operation of a collective investment scheme or activities undertaken by a trustee or depositary of a collective investment scheme)

6 TC activity 16 (Overseeing on a day-to-day basis the safeguarding and administering investments or holding client money)

7 TC activity 17 (Overseeing on a day-to-day basis the administrative functions for managing investments)

8 TC activity 18 (Overseeing on a day-to-day basis the administrative functions for effecting or carrying out contracts of insurance which are life policies)

9 TC activity 19 (Overseeing on a day-to-day basis the administrative functions for the operation of stakeholder pension schemes)

10 TC activity 20 (Advising on a regulated mortgage contract for a non-business purpose)

Cost benefit analysis

- 2.12** Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results, unless we consider the proposal will not give rise to any cost or to an increase in costs of minimal significance. This proposal does not incur any costs as it simply updates the list of appropriate qualifications.

Compatibility statement

- 2.13** Section 1B of FSMA requires us to explain why we consider that proposed rules are compatible with our strategic objective, and advance one or more of our operational objectives, and promote effective competition in the interests of consumers.
- 2.14** These proposals are intended to help ensure that the relevant markets function well, and secure an appropriate level of protection for consumers. In particular, they build on the consumer protection provided by having competent advisers, by keeping our TC rules up to date through the addition of relevant new qualifications and changes to current qualifications. Therefore, we are satisfied that these proposals are compatible with our general duties under section 1B of FSMA, having regard to the matters set out in 1C(2) FSMA and the regulatory principles in section 3B.
- 2.15** In preparing these proposals, we have had regard to the FCA's duty to promote effective competition in the interests of consumers. It is our opinion that making changes to the appropriate qualifications lists has no impact on competition, as this simply increases the number of qualifications available.
- 2.16** The proposed changes are not expected to have a significantly different impact on mutual societies.

Equality and diversity

- 2.17** We have assessed that our proposals do not give rise to discrimination and that the proposals are of low relevance to the equality agenda. However, we would welcome any comments respondents have on any equality issues they believe arise.

3. Consumer credit – further amendments

Introduction

- 3.1** In this chapter, we propose some further minor amendments to the Consumer Credit sourcebook (CONC) and other sourcebooks. These amend provisions included in the final instrument made in February 2014¹¹ in relation to the transfer of consumer credit regulation to the Financial Conduct Authority (FCA).
- 3.2** This consultation will be of interest to firms, their advisers and trade bodies.
- 3.3** The text of the proposed amendments, and the statutory powers they will be made under, are set out in Appendix 3.

Summary of proposals

- 3.4** We propose some small amendments to the following chapters of CONC which are considered in turn below:
- CONC 2 – Conduct of business standards: general
 - CONC 3 – Financial promotions and communications with customers
 - CONC 4 – Pre-contractual requirements
 - CONC 5 – Responsible lending
 - CONC 6 – Post-contractual requirements
 - CONC 7 – Arrears, default and recovery (including repossessions)
 - CONC 8 – Debt advice
 - CONC 14 – Requirement in relation to agents.
- 3.5** In most cases, the proposed amendments merely clarify existing provisions. The need for some of these amendments came to light following queries or discussions with stakeholders.

¹¹ Consumer Credit Instrument 2014 [FCA 2014/11] – PS14/3 *Detailed rules for the FCA regime for consumer credit* (February 2014)

- 3.6** We are also proposing some minor amendments to the Banking Conduct of Business sourcebook (BCOBS) and the Supervision manual (SUP), and to correct a piece of guidance in the Perimeter Guidance manual (PERG).

Conduct of business standards: general

- 3.7** CONC 2.5.8R(12) requires credit brokers not to secure more credit for a customer than was requested where the object of doing so is (or can reasonably be concluded as having been) for the personal gain of the firm, rather than the best interests of the customer. We propose extending this to securing credit at a higher rate of interest than was requested, in line with paragraph 4.26e of the Office of Fair Trading (OFT)'s Credit Brokers and Intermediaries Guidance (CBG).
- 3.8** CONC 2.8.6R sets out requirements in relation to the provision of information relating to the placing and receipt of orders under electronic commerce activities. We propose amending this (and an equivalent provision in BCOBS) to correct an error and align the wording to that in the E-Commerce Directive.

Financial promotions and communications

- 3.9** CONC 3.5.7R(1) requires a financial promotion to include the representative annual percentage rate of charge (APR) if it indicates any of the matters specified within this provision. There is a similar provision at CONC 3.6.6R(1) in relation to the typical APR. We propose clarifying that an indication may be express or implied (the present provision says an indication may be made 'in any way') and to refer to 'lender' in the singular (the present provision refers to 'in any case').
- 3.10** CONC 3.9.3R(13) and (14) and CONC 3.9.5R(4) refer to payments to lenders. We propose adding reference to owners under consumer hire agreements.

Pre-contractual requirements

- 3.11** CONC 4.2.15R(1) requires an explanation, where applicable, that interest rates under a credit token agreement may be increased. We propose providing that this also applies where non-interest charges may be increased. This is in line with paragraph 3.13 of the OFT's Irresponsible Lending Guidance (ILG) which referred to the need for transparency about the circumstances in which any variable rates or charges may change, in particular where they are not linked to the Bank of England base rate.

Responsible lending

- 3.12** CONC 5.3.4R allows pawnbrokers to base the assessment of creditworthiness or affordability primarily or solely on the value of the security, provided that the customer's liability is limited in the manner specified. We propose clarifying that this applies where the customer's total financial liability (including capital, interest and all other charges) is limited under the agreement to the value of the article(s) pawned by the customer.

Post-contractual requirements

- 3.13** CONC 6.7.4R states that a firm must first allocate a repayment under a credit card or store card to the debt subject to the highest rate of interest. We propose clarifying that this applies to each allocation of the repayment, and not merely the first allocation.
- 3.14** CONC 6.7.9R requires firms to notify the customer at least 30 days before a credit limit increase comes into effect under a credit card or store card agreement, unless the customer requests a temporary increase to deal with an emergency situation and a creditworthiness assessment is undertaken. We propose requiring firms to notify a proposed increase in the credit limit at least 30 days before the increase comes into effect, except where:
- i. the increase is at the express request of the customer, or
 - ii. the increase is proposed by the firm but the customer agrees to it at that time and wishes it to come into effect in less than 30 days.
- 3.15** This allows more flexibility to both parties but with the customer being in control in terms of whether to accept the increase and its timing.
- 3.16** CONC 6.8.4R states that where section 155 of the Consumer Credit Act 1974 (refund of credit brokerage fees) applies, a firm must respond to a request for a refund. We propose adding that if a firm has not entered into a relevant agreement within six months of an introduction to a potential source of credit, the firm must – as soon as reasonably practicable after the expiry of the six-month period (which we consider should be within five working days of the expiry) – clearly bring to the customer’s attention the right to request a refund under section 155 and how to exercise that right. This is in line with paragraph 6.19d of the CBG.

Arrears, default and recovery

- 3.17** CONC 7.9.12R requires a firm to ensure that a person visiting a customer on its behalf clearly explains the purpose and intended outcome of the proposed visit and gives the customer adequate notice of the date and likely time of the visit. We propose clarifying that this applies unless it is not practicable for the firm to comply. In addition, we propose amending CONC 7.9.13G to make clear that failure to explain the purpose and intended outcome in advance of an initial debt collection visit may not contravene the rule, provided that the customer is happy to speak to the person pursuing recovery of the debt at that time.

Debt advice

- 3.18** CONC 8.1.2R sets out the scope of application of CONC 8 (debt advice). We propose clarifying that CONC 8.10 (providing credit information services) applies to firms operating an electronic system in relation to lending (that is, peer-to-peer platforms) in relation to activities specified in the Regulated Activities Order which are similar to providing credit information services.

Requirement in relation to agents

- 3.19** CONC 14.1.3G refers to appointment of an individual as the firm's agent. We propose clarifying that, as the expression 'individual' here is not italicised (and therefore not a defined term in our Glossary of terms), it carries its natural meaning as referring to a single human being. It does not include a partnership or unincorporated body.

Reporting requirements

- 3.20** SUP 16 Annex 21R specifies the reporting fields for the submission of product sales data for high-cost short-term credit and home credit loan agreements. These include the APR, rounded to two decimal places. We propose clarifying that, where a firm calculates the APR to one decimal place, it should add a further zero in the reporting field. This reflects the fact that firms are required to display an APR to one decimal place in financial promotions (where triggered) and in pre-contract credit information and credit agreements.

Perimeter Guidance

- 3.21** The guidance in PERG 2.3.7G refers to a number of indicators of whether an individual is carrying on his or her own business. We propose amending this to correct a typographical error in one of the paragraphs in this provision.

Assessment

- 3.22** The amendments proposed in this chapter are minor, and there are no substantive changes to the policy underlying PS14/3.¹² In most cases they are merely minor clarifications of the original drafting, or (in three cases) areas where aspects of OFT guidance were not carried across into FCA rules and guidance.

Q3.1: Do you have any comments on the proposed amendments?

Cost benefit analysis

- 3.23** Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA), unless we consider that there will be no increase in costs or the increase will be of minimal significance.
- 3.24** A CBA of the proposed consumer credit regime accompanied CP13/10¹³ and a summary was included in Annex 5 of that document. The expected incremental compliance costs of firms across the consumer credit sector were set out in section 1.2 and Chapter 4 of the CBA.¹⁴

¹² PS14/3 *Detailed rules for the FCA regime for consumer credit* (February 2014)

¹³ CP13/10 *Detailed proposals for the FCA regime for consumer credit* (October 2013)

¹⁴ *A New Consumer Credit Regime: Benefits, Compliance Costs and Firm Behaviour*, Europe Economics (October 2013)

- 3.25** The proposed amendments either do not add to the costs estimated in the CBA, or any increase is of minimal significance. Most of the amendments are purely clarificatory, and so minimise regulatory compliance risks for firms.
- 3.26** The amendments where we refer to a provision of the former OFT guidance engage the statutory provision¹⁵ which disappplies the requirement to carry out a cost benefit analysis and the competition duty.

Compatibility statement

- 3.27** Section 1B of FSMA requires us to explain why we consider that proposed rules are compatible with our strategic objective, and advance one or more of our operational objectives, and promote effective competition in the interests of consumers.
- 3.28** A compatibility statement in relation to the proposed consumer credit regime was set out in Annex 7 to CP13/10. We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles.

Mutual societies

- 3.29** Section 138K of FSMA requires us to prepare a statement about the impact of proposed rules on mutual societies, and in particular whether this will be significantly different compared to other authorised persons.
- 3.30** A statement in relation to the proposed consumer credit regime was set out in Annex 8 to CP13/10. We are satisfied that the proposed amendments do not impact on mutual societies to a greater extent than for other authorised firms.

Equality and diversity

- 3.31** We are required under the Equality Act 2010 to consider whether our proposals could have a potentially discriminatory impact on groups with protected characteristics (such as age, disability, gender or race).
- 3.32** An equality impact assessment was set out in Annex 6 to CP13/10. The proposed amendments do not have a negative impact on this.

¹⁵ Article 61 of the Financial Services and Markets Act (Regulated Activities) (Amendment) (No.2) Order 2013, SI 2013/1881

4.

Changes to persistency, annual report and accounts and product sales data reporting

Introduction

- 4.1** This chapter sets out our proposals to make amendments to several parts of chapter 16 of the Supervision manual (SUP).
- 4.2** The proposals will be of interest to:
- a.** firms required to submit their annual report and accounts
 - b.** banks and building societies offering current accounts
 - c.** firms required to submit persistency data for life policies and/or stakeholder pensions
 - d.** firms required to submit product sales data and
 - e.** debt management firms required to submit CCR004.
- 4.3** The proposed amendments, and the statutory powers they will be made under, are set out in Appendix 4.

Summary of proposals

Changes to annual accounts submission

- 4.4** The FCA Handbook requires certain types of firms to submit a copy of their (or, in the case of certain firms with a mixed activity holding company parent, that parent company's) annual report and accounts to the FCA. This requirement is set out in SUP 16.12 and currently appears as the NGP003 code on firms' schedules within the FCA's electronic reporting system GABRIEL (Gathering Better Regulatory Information Electronically). This code only appears as a reminder that the NGP003 report is due for submission. The returns are then submitted manually by one of the methods set out in SUP 16.3.
- 4.5** The annual report and accounts are currently processed manually, incurring a time delay between being received by the FCA and recorded on GABRIEL. This can result in uncertainty for firms as to whether their report has been received.
- 4.6** To remove the inefficiency and uncertainty of the manual submission and processing, we propose automating the submission of these accounts through GABRIEL as a new data item (FIN-A). This will require firms to upload and submit the accounts directly through GABRIEL.

Submitters will then receive immediate acknowledgement of receipt from the FCA. We propose implementing this change for returns with a reporting period ending on or after 31 December 2014. An additional question will be included in the FIN-A form 'On what basis have the firm's accounts been prepared?' and the answers available to firms will be IFRS, UK GAAP and Other.

- 4.7** Further, we propose moving the existing annual report and accounts reporting rules from their current position within SUP 16.12 to a new section within the Handbook, SUP 16.7A. This is intended to clarify the application of the reporting requirement and make the rules easier to understand. The section will specify the required submission of the annual report and accounts through the GABRIEL reporting system. This will not require a change to the annual report and accounts submitted, although it does involve the addition of a second question to the proposed submission form (FIN-A) as outlined in the next section.

Q4.1: Do you agree with our proposal to amend SUP 16.12 to require submission of the annual report and accounts by electronic means made available by the FCA, and to clarify the reporting requirement?

Immigration Act 2014 compliance annual self-attestation

- 4.8** In Chapter 5 we describe our new requirements that banks and building societies who offer current accounts will be required to annually attest that they have complied with the provisions of the Immigration Act (IA). We are proposing that this attestation will be included as a question within the FIN-A form (annual report and accounts). Further details on our requirements can be found in sections 5.1 to 5.5 of this Consultation Paper.

Building societies

- 4.9** Building societies are currently required to submit copies of their annual report and accounts to the FCA under the Building Societies Act 1986. We also propose building societies will be scheduled to upload their annual report and accounts under the FIN-A data item.

UK branches of EEA banks

- 4.10** UK branches of EEA banks are not required to submit copies of their annual report and accounts to the FCA. We recognise and do not intend to alter this. We propose including these firms in the FIN-A data item but only to report on their compliance with the IA.

Q4.2: Do you agree with our proposal to include the IA compliance attestation within the annual report and accounts submission (FIN-A) for banks and building societies?

Persistency data collection

- 4.11** Persistency data is currently collected from firms offering life insurance policies and stakeholder pensions, as set out in SUP 16.8. Once received, the data is manually processed by the FCA.
- 4.12** We propose amending SUP 16.8 to integrate this data collection into GABRIEL. A new form (REPO03) will allow the data to be entered directly into GABRIEL and will provide immediate validation of the data. Firms will be able to verify the submission and confirm the FCA's receipt of the data immediately through GABRIEL, rather than having to wait for it to be processed manually. We will no longer require firms to submit data on contribution holidays so this will reduce the amount of data firms are required to provide within this report. The new forms will be scheduled automatically on GABRIEL for the calendar year. Firms who are using an alternative reporting date will be required to notify the FCA so that the data item can be scheduled for the adjusted year.

- 4.13** Firms that have no data to submit for one or both of the sections (subject to the proposed SUP 16.8.14AR) will be able to submit a nil return using the relevant sections of the proposed new form.
- 4.14** We propose requiring firms to submit persistency data through GABRIEL only. This is consistent with our data strategy and the aim of maximising the usability of the data received. We recognise that this proposal will affect some friendly societies who do not currently report any data through GABRIEL and we will work with these firms to register them for the GABRIEL system. These proposals do not have an impact on any other reporting requirements for friendly societies.

Q4.3: Do you agree with our proposals to amend SUP 16.8 and require the submission of persistency data through the GABRIEL system?

Changes to product sales data (PSD) items

PSD001 and PSD007 changes

- 4.15** PS13/12¹⁶ set out how we expect firms to report mortgage sales and performance data from 1 January 2015. Since those rules were published in December 2013, we have been made aware that firms could have difficulties in reporting sales data from some contract variations that result in a new regulated mortgage contract.
- 4.16** MCOB 11.6.3R states that an affordability assessment need not be carried out for these contract variations, provided that there is no additional borrowing or other changes to the terms that are likely to be material to affordability. However, the SUP rules set out in PS13/12 do not make provision for this.
- 4.17** We intend to make a minor amendment to both our SUP rules and the validation in our PSD technical specifications. This will enable firms to identify contract variations resulting in a new regulated mortgage contract where there has been no affordability assessment. This will allow the affordability fields to be 'switched off' and they will not need to be reported in these circumstances. The draft rule change is set out in Appendix 4.
- 4.18** We also intend to include a 'date of balance' field in PSD007 (performance data for mortgage transactions) to bring this data item into line with other PSD currently collected and allow more developed use of the data to supervise the mortgage market.

Q4.4: Do you have any comments on the proposed changes to PSD001 and PSD007?

PSD006 changes

- 4.19** Under consumer credit reporting rules consulted on in CP13/10¹⁷ and confirmed in PS14/3¹⁸, relevant firms will be required to submit PSD006 (short-term loans data) to the FCA. PSD006 will come into force on 1 October 2014. We propose introducing a transaction reference number field and a transaction date field into this data item. This will bring PSD006 into line

¹⁶ PS13/12 *Mortgage Market Review – Data Reporting* (December 2013)

¹⁷ CP13/10 *Detailed proposals for the FCA regime for consumer credit* (October 2013)

¹⁸ PS14/3 *Detailed rules for the FCA regime for consumer credit* (February 2014)

with other data currently collected and allow more developed use of the data to supervise the short-term loans market.

Q4.5: Do you agree with our proposal to add in transaction reference and transaction date fields into data item PSD006?

Amendment of CCR004 guidance

- 4.20** Under the Consumer Credit regime consulted on in CP13/10 and outlined in PS14/3, relevant firms will be required to submit CCR004 (Consumer Credit data: Debt Management Firms). The reporting regime for Consumer Credit will begin on 1 October 2014. We propose amending the guidance notes for the completion of CCR004 to require firms to enter the data in whole numbers rather than in 000's.

Q4.6: Do you agree with our proposal to require CCR004 to be completed in whole numbers?

Cost benefit analysis

- 4.21** Sections 138I and 138J of the Financial Services and Markets Act (FSMA) require us to publish a cost benefit analysis (CBA) when proposing draft rules. In particular, we are required to publish an analysis of the costs and the benefits and an estimate of those costs and benefits. This requirement does not apply if there will be no increase in costs or if any increase will be of minimal significance. We expect that the proposed changes set out in this CP should impose compliance costs on affected firms of minimal significance, as explained in more detail below.

Annual accounts reporting changes

- 4.22** The proposed change to annual accounts reporting is likely to impose incremental compliance costs on affected firms of minimal significance. There is no change to the format of the annual accounts that firms are reporting only a change to the submission method. We expect this new submission method will be less onerous than the current and as such, should reduce the burden on firms. We have also added an additional tick box question to FIN-A. We expect this should not require firms to take longer or require more staff resources to complete the FIN-A form than they do currently for the annual accounts return.

Immigration Act compliance: self-attestation

- 4.23** Our expectation is that incremental costs to firms as a result of the IA self-attestation reporting will be of minimal significance. Firms will be required to attest their compliance by answering one additional tick box question on the FIN-A form. We do not expect this change will make FIN-A form more onerous, for firms, to complete or require more firm resources than they do currently.

Persistency data collection

- 4.24** The changes to the collection of persistency data will make the collection of data more efficient for both firms and the FCA. This change will require firms to submit their persistency data reports through the GABRIEL reporting system, rather than via post or email as currently required. The amendment to the rules around persistency reporting will require some firms that are not currently registered on GABRIEL to register for the system. Affected firms will incur a

minor one-off time cost associated with registering with GABRIEL. We expect this amendment will reduce the regulatory burden on affected firms on an on going basis, as it should require less staff hours to complete these reporting requirements compared to currently.

Changes to product sales data

- 4.25** We note that amending PSD to include additional fields to the PSD001, PSD006 and PSD007 forms are likely to impose costs on firms. However, given firms should already hold the data in-house and that the amendment brings reporting in line with other PSD items, we expect any incremental compliance costs on firms will be of minimal significance.

Amendment of CCR004 guidance

- 4.26** We expect that incremental costs to firms as a result of the amendment to the guidance in SUP 16 Annex 38BG will be of minimal significance. We note this amendment simply changes the format of how data is entered in the form. Firms are already required to submit this data and as such, it should not change the length of time or resources required to complete the relevant forms, compared to currently.

Q4.7: Do you have any questions in relation to our cost benefit analysis?

Compatibility statement

- 4.27** Section 1B of FSMA requires us, when discharging our general functions, so far as is reasonably possible, to act in a way that is compatible with our strategic objective and advances one or more of our operational objectives. We also need, so far as is compatible with acting in a way that advances the consumer protection objective or the integrity objective, to carry out our general functions in a way that promotes effective competition in the interests of consumers.
- 4.28** The proposed changes allow us to receive more timely information on firms, allowing the FCA to supervise firms more effectively and identify emerging risks, which should help us advance our consumer protection objective.
- 4.29** We do not anticipate that making the proposed changes to the reporting required by SUP 16 will have an impact on competition. These changes are expected to impose minimal costs on firms and do not affect firms' incentives or ability to compete in the market.
- 4.30** In making the proposed changes set out in the CP, we have taken into account the principles of good regulation. Both the FIN-A and persistency proposals will reduce the volume of paper reporting that firms are required to submit to the FCA and allow us to make more effective use of our resources.
- 4.31** Our proposed changes are not expected to have any impact on mutual societies either.

Equality and diversity

- 4.32** We have conducted an equality impact assessment on the proposals in this chapter. We do not believe that our plans create any negative impacts on protected groups. As a result we do not believe that there are any equality or diversity implications arising, but we would welcome your comments.

5. Immigration Act

Introduction

- 5.1** The Immigration Act (IA) received Royal Assent in May 2014. It is due to come into force later this year. Section 40 of the IA will prohibit banks and building societies from opening current accounts for persons who do not have leave to remain in the UK, referred to in the IA as 'disqualified persons'.
- 5.2** Banks and building societies will be required to carry out an immigration 'status check' with the specified anti-fraud or data-matching authority before opening a current account for a consumer, a micro-enterprise or a charity with an annual income under one million pounds. The Home Office announced in February this year that it intended to name CIFAS as the specified authority.
- 5.3** The prohibition above will include the opening of joint current accounts for any disqualified person, opening a current account where the disqualified person is a signatory or is identified as a beneficiary of that current account or is added as a current account holder or as a signatory or identified beneficiary in relation to a current account.
- 5.4** This chapter is split into three sections. Paragraph 5.6 briefly describes the legal framework, namely, the IA and the proposals contained in draft regulations. Paragraph 5.12 describes our proposals. Lastly, paragraph 5.16 explains our approach to monitoring and enforcement. We seek your views on our proposals.
- 5.5** This chapter will be of interest to all banks and building societies that offer current accounts in the UK, referred to hereafter as 'firms'. This includes UK branches of EEA banks and non-EEA banks. For this purpose 'bank' means any person who has a Part 4A permission to accept deposits or an EEA firm that has permission to accept deposits as a result of exercising a passport. However, there are exemptions for:
- a person who has permission to accept deposits only for the purposes of, or in the course of, an activity other than accepting deposits
 - a person who is an exempt person (as a result of section 38 of Financial Services and Markets Act 2000 (FSMA))
 - a credit union and
 - a friendly society.

Legislative proposals

- 5.6** Regulations proposed under the IA have yet to be made. We are consulting on the basis that these draft regulations will be available to firms during this consultation period. Should this change we will extend the consultation as necessary.
- 5.7** Once made, the regulations would enable the FCA to make arrangements to monitor and enforce compliance with the new prohibition imposed on banks and building societies by section 40 of the IA.
- 5.8** This consultation does not seek to expand on the IA, and we do not intend to provide guidance or additional rules that expand on the legislation. We do understand that firms will have questions on the application of the legislation, so where possible we will signpost firms to sources of information and we will work with industry and trade associations to help compliance with their obligations under the IA.
- 5.9** This consultation describes the role that the FCA will play and the information that firms will need to provide to us.
- 5.10** The regulations, once made, will require firms to provide information to the FCA and if a firm is unable to comply with any relevant requirements applicable to it, it must inform us about its inability to comply as soon as reasonably practicable.
- 5.11** Firms should also keep records that relate to their compliance with the requirements for at least five years.

Summary of our proposals

- 5.12** We plan to require all firms (banks and building societies) offering current accounts to confirm to us each year that they have complied with the IA by using a power of direction in the regulations.
- 5.13** This confirmation will be included as a question in the new annual report and accounts form (FIN-A) for firms as proposed in Chapter 4 of this CP.
- 5.14** We have taken the opportunity to combine this new proposed reporting requirement for firms with their annual accounts submission because it will be more efficient for firms and for us. Firms that are not required to provide their annual report and accounts using form FIN-A, for example, UK branches of EEA banks, must still report their compliance with the IA using Form FIN-A and must do so within four months of their accounting reference date.
- 5.15** This information will be collected from firms in the new form FIN-A from 1 January 2015 when changes to the reporting system GABRIEL are live. To ensure that this reporting requirement covers all firms and all periods:
- the first attestation for all firms should confirm compliance with the provisions of the IA from the date that the IA comes into force
 - firms who have an annual report and accounts reporting requirement before 31 December 2014 and after the IA comes into force should also confirm in writing to FCA supervision that they have complied with the provisions of the Act for the same period.

Q5.1: Do you agree with our proposals to require firms to tell us that they are complying with the IA?

Monitoring and enforcement

- 5.16** We will make arrangements to monitor and enforce the prohibition as part of our normal regulatory functions. Firms will have to notify their normal supervisory contact as soon as reasonably practicable if they are unable to comply with the requirements in the legislation. Supervisors may ask firms to provide additional information in response to any notification or as part of their general monitoring activities.
- 5.17** Firms will need to ensure that they have adequate systems in place to take a decision on whether the data provided as part of their 'status check' is sufficient to identify a 'disqualified person' prior to opening a current account for a consumer, a micro-enterprise or a charity.
- 5.18** The Government has not sought to define what a 'current account' is in the legislation, on the basis that they are subject to constant changes in their functionality and such a definition in legislation would need continual revision to keep up with market developments. Firms will need to take their own decisions on which of their products they consider to be current accounts for the purposes of the IA.

Our approach to taking enforcement action under the regulations

- 5.19** The draft regulations give the FCA investigation and sanctioning powers based on those in FSMA. Therefore, we propose including new paragraphs in chapter 19 of the Enforcement Guide (EG) explaining that our approach to using these powers should mirror our approach to using the enforcement powers given to us by FSMA. This approach involves exercising our enforcement powers in a manner that is transparent, proportionate, responsive to the issue, and consistent with our publicly-stated policies.

Decision-making procedures

- 5.20** The draft regulations require the FCA to issue a statement of our procedure for giving warning notices and decision notices under the regulations.
- 5.21** The Regulatory Decisions Committee (RDC) makes warning notice and decision notice decisions on behalf of the FCA in respect of all existing disciplinary powers that the FCA has under FSMA and other legislation. Therefore, to ensure we have a consistent approach, we propose that decisions to issue warning and decision notices under the regulations should be made by the RDC.
- 5.22** We propose to amend DEPP 2 Annex 1 to reflect this. We also propose to mention that this will be our approach in chapter 19 of EG.

Q5.2: Do you agree with our proposed amendments to DEPP and EG?

Cost benefit analysis

- 5.23** The draft regulations provide that in discharging its functions under the regulations the FCA must have regard to the principle that a burden or restriction should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction.
- 5.24** We expect that the incremental costs to firms in meeting the reporting requirements will be of minimal significance and will be caught up in any costs associated with changes to systems and procedures as a result of the IA.
- 5.25** For the time being, it is expected that any additional supervisory and enforcement costs will be absorbed into our existing budget and therefore there will be no additional costs to firms

Q5.3: Do you agree with our analysis that the costs involved will be of minimal significance?

Compatibility statement

- 5.26** These new responsibilities sit outside the FCA's main responsibilities under FSMA. Therefore, we have not prepared a compatibility statement.
- 5.27** The proposed changes are not expected to have a significantly different impact on mutual societies.

Equality and diversity

- 5.28** The Government has considered issues of equality and diversity prior to the introduction of the IA. We do not believe that our arrangements to monitor or enforce compliance with the IA will have any negative impacts on protected groups as our proposals impose reporting requirements on banks and building societies and not on any protected groups.

6. Tracing employers' liability insurers: employer's reference number

Introduction

- 6.1** In CP10/13¹⁹, we consulted on new rules to help claimants who cannot locate an insurer to claim against, when they contract work-related illnesses many years after their employment, when their employer no longer exists. Our proposals included a requirement for insurers to include all UK commercial lines employers' liability policies, entered into or renewed on or after 1 April 2011, on employers' liability registers (ELRs). These ELRs would be populated with relevant data, including the employer's name, address and policy number.
- 6.2** In response to CP10/13, we also made it compulsory for firms to also provide the employer's reference number (ERN) on the register. Respondents told us that the ERN is a unique identifier which would improve the effectiveness of searches for new policies, renewals and claims. Our final rules were set out in PS11/4.²⁰ We now propose amending our rules to reflect the practical difficulties in collecting ERNs in all cases. We also propose amending the scope of related provisions regarding directors' certificates and auditor reports.
- 6.3** This chapter will be of interest to consumer groups, insurers and their intermediaries, those who provide tracing services, employers and their employees.
- 6.4** The text of the proposed amendments, and the statutory powers they are made under, can be found in Appendix 6.

Employer's reference number – issues to date

- 6.5** Since we introduced the requirement for insurers to include the ERN on their ELRs, ERN collection rates have been low. While collection rates are improving, it is clear from our discussions with industry and other stakeholders that firms have been experiencing significant difficulty in collecting ERNs. In response to these difficulties, we introduced a transitional provision (TP)²¹, whereby a firm that fails to provide all information, would be considered to comply²² as long as it has used its best endeavours to collect this information. A related provision²³ took this

¹⁹ CP10/13 *Tracing employers' liability insurers* (June 2010)

²⁰ PS11/4 *Tracing employers' liability insurers* (February 2011)

²¹ ICOBS TP 9AR(2)

²² In ICOBS 8.4.4R(2)(b)(ii) and the corresponding parts of ICOBS 8 Annex 1

²³ ICOBS TP 9AR(2)

requirement outside of the scope of the director certificates and auditor reports and provided that these should be compiled without reference to 'best endeavours'.²⁴ Both transitional provisions were due to expire on 1 April 2013.

- 6.6** However, despite the relief provided by the TP, insurers continued to experience practical difficulties in collecting ERNs. Therefore, we decided to postpone the expiration date of the TP until 1 October 2014 while we continue to work with industry to address these issues.
- 6.7** We recognise that some of the difficulties experienced by industry are outside their control. Therefore, we propose introducing a permanent rule similar to the current TP.²⁵ This rule will provide that a firm that is unable to include ERNs on its ELR²⁶ solely because of a failure by a party outside the firm's control will be deemed to have complied with our rules²⁷, provided that it has used and continues to use its best endeavours to obtain the ERN.

Q6.1: Do you agree with our proposal for firms to collect ERNs on a best endeavours basis?

- 6.8** To provide further clarity regarding best endeavours for ERN collection, we have been working closely with the industry and other stakeholders such as the Employers' Liability Tracing Office (ELTO).
- 6.9** As part of this work, we reviewed a survey conducted by ELTO.²⁸ The survey identified some common issues affecting members' collection of ERN data, including policyholders' reluctance to provide ERNs and poor collection in intermediated sales. The report described a range of methods that firms are using to collect ERNs. It also highlighted that many firms are not taking all of the possible measures available to them and some potential methods appear to be under-used. This suggests that some firms could be doing more to improve collection rates.
- 6.10** We therefore propose providing guidance to the industry on what is meant by best endeavours.
- 6.11** Each firm is responsible for deciding whether they have exercised best endeavours against this guidance based on what is appropriate and proportionate to that individual firm.
- 6.12** We also propose that:
- the inclusion of the ERN should not form part of the auditor's assessment²⁹ as to whether the firm's ELR satisfies the requirements of ICOBS 8.4.4CR and
 - the auditor should not provide an opinion on whether the firm has used best endeavours to obtain the ERN.
- 6.13** However, where the firm has failed to include the ERN in more than 1% of cases³⁰, we propose that the director must provide an explanation of why and how the firm considers that it has used its best endeavours; alternatively the director should explain why the firm has not used best endeavours.

²⁴ For the purposes of ICOBS 8.4.4R(1)(b) and (1)(c), a firm must treat references to compliance with ICOBS 8.4.4R(1)(a)

²⁵ ICOBS TP 9AR(1)

²⁶ As required under ICOBS 8.4.4R(2)(b)(ii)

²⁷ ICOBS 8.4.4R(2)(b)(ii) and corresponding parts of ICOBS 8 Annex 1

²⁸ The survey focused on ERN data collection and represented 85% gross written premium of the market

²⁹ For the purposes of ICOBS 8.4.4R(1)(c)

³⁰ Requirements under ICOBS 8.4.4R(2)(b)(ii) for the purposes of ICOBS 8.4.4R(1)(b)

Q6.2: Do you agree with our proposal that the auditor reports should not opine on whether the firm has used best endeavours to obtain the ERN?

Q6.3: Do you agree with our proposal that directors' certificates should opine on whether the firm has used best endeavours to obtain the ERN?

- 6.14** The draft legal instrument specifying the proposed rules and best endeavours guidance is contained in Appendix 6.
- 6.15** We welcome comments on these proposals no later than 6 August 2014. We intend to publish the final rules following approval, in September 2014, for implementation on 1 October 2014.

Cost benefit analysis

- 6.16** The FCA is required to carry out and publish a cost-benefit analysis (CBA) when proposing draft rules and when making rules which are significantly different from the draft consulted on. In particular, it is required to publish an analysis of the costs together with an analysis of the benefits and an estimate of those costs and of those benefits.
- 6.17** However, an estimate is not required if the FCA believes that these costs or benefits cannot reasonably be estimated or it is not reasonably practicable to do so. In such cases the FCA must provide an explanation. No CBA is required if the FCA considers that the increase in costs will be insignificant or non-existent.
- 6.18** We considered the costs associated with the collection of the ERN as part of the original cost benefit analysis carried out in CP10/13.³¹ As our proposals are an extension of the current TPs in place, we believe that they will not impose additional costs on firms and, if costs are incurred, the increase will be of minimal significance. Further, we do not believe that consumers wishing to trace a policy will be disproportionately affected. The success rate of traces to date (prior to the ERN requirement) has been around 70%, so it is possible for consumers to trace the relevant policy without it. Given the current difficulties experienced with ERN collection, we consider that our proposed approach is proportionate and strikes the appropriate balance.
- 6.19** We intend to review the effectiveness of searches conducted with or without an ERN at a future point to consider whether our proposed approach remains appropriate and delivers the right balance between safeguarding the interests of consumers and placing requirements on firms that are proportionate.
- 6.20** Therefore, we consider that the CBA set out above meets the revised Financial Services and Markets Act 2000 (FSMA) CBA requirements.

Compatibility statement

- 6.21** The FCA must, so far as is compatible with acting in a way which advances its consumer protection objective or integrity objective, discharge its general functions in a way which

³¹ CP10/13 *Tracing employers' liability insurers* (June 1010)

promotes effective competition in the interests of consumers. We consider that our rules in PS11/4 appropriately advance the objective of consumer protection by ensuring that claimants can trace their employer's insurer.

- 6.22** The proposals set out here will not actively promote competition with regard to employers' liability insurance, but we think that the effect on competition will be neutral.
- 6.23** We do not believe that there will be a significantly different impact on mutual societies as a result of our proposed provisions.
- 6.24** Under section 2(3) of FSMA we are required to have regard to the principles of good regulation. We are satisfied that these proposals are compatible with our principles particularly those of regulatory proportionality. We have met this requirement of proportionality by recognising the practical difficulties of collecting the ERN and creating new rules and guidance to overcome these issues.

Equality and diversity

- 6.25** We consider that these proposals are of low relevance to our equality and diversity objectives but we welcome your comments.

7.

Changes to the Collective Investment Schemes sourcebook

Introduction

- 7.1** Authorised funds must publish annual and half-yearly reports containing financial accounts that follow the contents and presentation prescribed by a Statement of Recommended Practice (SORP) specific to them. This SORP is prepared and maintained by the Investment Management Association (IMA) and approved by the Financial Reporting Council (FRC) which oversees all UK accounting standards. It is revised from time to time to take account of changes in regulation and accounting practice.
- 7.2** The IMA has recently published a revised version of the SORP³² which includes changes to reflect new UK financial reporting standards, the implementation of the Alternative Investment Fund Managers Directive and the introduction of authorised contractual schemes. It also introduces a requirement for each annual report to contain a comparative table which presents the costs and charges borne by the fund over three financial years, including the year under review. The purpose of this change is to improve cost transparency to help investors to make better investment decisions. In particular, the changes aim to improve the transparency around direct transaction costs for investors, ie the costs incurred by the fund for buying and selling its assets.
- 7.3** FCA Handbook rules currently require the accounts for an authorised fund to be prepared in accordance with the version of the IMA SORP issued in October 2010. We propose requiring firms to comply with the new version of the SORP. We also make further proposals concerning disclosure of information in periodic reports and accounts as specified in the Collective Investment Schemes sourcebook (COLL).
- 7.4** This chapter will be of particular interest to authorised fund managers (AFMs), and other parties involved in the preparation of fund reports and accounts, such as administrators and auditors. It will also be of interest to investors, their advisers and other stakeholders who are concerned with the costs of investing in funds. We specifically encourage these groups to send us their comments.
- 7.5** The text of the proposed amendments and the statutory powers they will be made under can be found in Appendix 7.

³² See www.investmentuk.org/policy-and-publications/sorp-0314/

Summary of proposals

Revision of the SORP

- 7.6** The Glossary includes a definition of 'IMA SORP' which we propose amending so that it refers to the 2014 version instead of the 2010 version. This means that AFMs must follow the 2014 version to comply with the rules in COLL 4.5.7R(1)(a) and COLL 8.3.5AR(1)(a). We will allow a transitional period so that (except for the comparative table as explained below) the 2014 version will not be compulsory in relation to annual accounting periods ending before 31 December 2015. This is to ensure that AFMs can, from the beginning of an accounting period, record the information they will need to support the changes in accounting practice. AFMs may adopt the new SORP earlier if they choose to do so.
- 7.7** Under the heading 'Next steps', we offer details on how the usefulness of the comparative table could be improved. Such steps would fall outside the scope of this consultation.

Q7.1: Do you agree that AFMs should adopt the new version of the IMA SORP, subject to transitional provisions?

Comparative information in annual reports

- 7.8** The rules on the contents of annual long reports and accounts include COLL 4.5.10R. This rule requires the AFM to present a comparative table showing the highest and lowest prices of each unit class and the net amount of income distributed or retained for each class, for the last five calendar years.³³ This information is not compatible with the format of the SORP comparative table, which relates to the last three financial years of the fund.
- 7.9** We propose altering COLL 4.5.10R so that it refers to comparative information, including the comparative table required by the SORP, as well as the presentation of prices and income. We will restructure the rule so it requires all information to be shown as at the end of the last three financial years, instead of five calendar years.
- 7.10** We recognise that the change to the time period may complicate the comparison of reports for funds with different accounting periods. However, we think that investors will agree that the advantage of having all information about their fund aligned to the same time period outweighs the disadvantages. We also think that investors are in practice unlikely to look closely at performance figures from four or five years ago, so omitting them from the report should not cause a significant problem.

Q7.2: Do you agree that the advantages of aligning the information on the fund to the same time period outweighs its potential disadvantages?

- 7.11** The requirement to comply with the SORP applies to all authorised funds. Since a qualified investor scheme (QIS) falls also under this category, we propose presenting a comparative table in the annual reports for this type of fund as well. However, we will not require the AFM of a QIS to include the other parts of the comparative information specified in COLL 4.5.10R.

³³ This rule currently applies to retail authorised funds (UCITS schemes and non-UCITS retail schemes) but not to qualified investor schemes (QIS).

- 7.12** COLL 4.5.5R(1)(c) currently requires a performance record consistent with the comparative table prescribed by COLL 4.5.10R(1) for both annual and half-yearly short reports. We have not provided additional guidance on what a performance record consistent with the table should include or look like, so interpretations of this rule may vary. There is also no clear reason to include performance information in a half-yearly short report, especially when it is not required in the equivalent long report.
- 7.13** As short reports must be sent to all unitholders, we propose requiring annual short reports to reproduce the new comparative table. This should ensure that the new table is seen by a greater number of investors without significantly increasing the cost burden on AFMs. There will be no requirement for comparative information to be presented in the half-yearly short report.
- 7.14** We propose making the new version of the comparative information compulsory in all annual reports and accounts published on or after 1 April 2015. AFMs may adopt the new format sooner if they choose. Unlike some of the other new or changed elements of the 2014 SORP, the comparative information does not add to the AFM's data-gathering requirements. Therefore, we do not consider it necessary to allow the full transitional period (until 31 December 2015) described in paragraph 7.6.

Q7.3: Do you agree with the proposals to change the way that the records of highest and lowest unit prices and net income are presented in long and short reports? Do you agree these changes should take effect by April 2015?

Other changes to reports and accounts

- 7.15** We are taking this opportunity to propose a change to the presentation of periodic reports and accounts for umbrella funds. COLL requires the AFM of an umbrella with more than one sub-fund to include an aggregation of the accounts for the sub-funds in each annual and half-yearly long report.³⁴ This aggregation does not form part of the audited accounts, and stakeholders have indicated that it does not enable investors to understand any interaction between the sub-funds, for example, if one sub-fund of the umbrella holds units in another. Therefore, we concluded that this aggregation in its present format does not provide useful information for investors.
- 7.16** We propose deleting the requirements for a full aggregation of sub-fund accounts. In its place, we propose including a table in the annual report with details of the number and value of units in each sub-fund that were held by another sub-fund of the same umbrella at the end of the period under review. This would be part of the report required under COLL 4.5.9R or COLL 8.3.5CR. This information is not new and can already be obtained by looking at the portfolio statement of each sub-fund. However, by presenting this information in one place in the report, investors and other interested parties should find it easier to compare the accounts for each sub-fund and work out the net asset value of the umbrella as a whole. Should there be no such cross-holdings, the AFM must declare this in the report.

³⁴ Except in the case of the half-yearly report of a QIS, where a report for the umbrella as a whole is optional (COLL 8.3.5BR(2)).

- 7.17** We have considered whether our proposal is contrary to the requirement in OEIC Regulation 67(1)³⁵ for the annual report of an open-ended investment company to contain ‘accounts of the company’. We believe that this legal requirement may be satisfied by a report that contains individual accounts for each constituent sub-fund without an aggregation of those accounts.
- 7.18** We also propose correcting an omission in the contents of the AFM’s report in a QIS. The portfolio statement required by the IMA SORP no longer forms part of the accounts as such, so the rules requiring annual and half-yearly reports to contain accounts for a QIS do not ensure that a portfolio statement will also be included. We propose bringing COLL 8.3.5CR in line with the equivalent provision for retail authorised funds under COLL 4.5.9R(7A).
- 7.19** These changes will take effect under the same transitional provision that applies to the comparative information (see paragraph 13).

Q7.4: Do you agree we should replace the aggregation of the accounts of an umbrella’s sub-funds by information about cross-holdings between the sub-funds? Is there any other aggregated information that would help investors in a sub-fund to make an informed judgement about the activities of the umbrella as a whole? Do you agree that a portfolio statement for QIS should be required to achieve consistency across authorised funds?

Next steps

- 7.20** Because fund charges affect the returns delivered to investors, it is important that consumers can compare costs between funds and understand exactly what they are paying for. The FCA recognises the industry’s effort to improve transparency of costs and charges, including the IMA’s proposed changes to the SORP. But the IMA’s own consultation on revising the SORP drew a number of critical responses, stating that the comparative table did not go far enough. Respondents gave examples of transaction-related costs which they said would not be disclosed through the IMA mechanism and they suggested that, as a result, the table would mislead investors.
- 7.21** We agree that the table might not take into account every individual cost associated with investing in an authorised fund, so it might not give investors a comprehensive picture of the total costs. We recognise that some costs cannot currently be readily quantified. For example, the costs of buying and selling some securities (such as bonds) and financial instruments are not accounted for in a commission or charge payable to the market counterparty (as is the case for equities). These are known as implicit costs as they are absorbed in the buying price. Currently, there is no agreed methodology in securities markets for measuring such costs so the AFM is unable to provide information to investors about them.
- 7.22** As so much market data is now readily available, we think it is reasonable for investors to demand an accurate measurement or an accurate estimate of the costs of investing. Increased transparency will enable investors to make better comparisons between the funds they are offered. This will lead to more competition in the market for the benefit of investors.

³⁵ *The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)* as amended

- 7.23** Therefore, we encourage asset managers to take a lead in doing more in this regard by working with other market users where possible.
- 7.24** We believe that the comparative table in its present format, although lacking in certain respects, does offer some benefit to fund investors in terms of improved information about costs. We support a staged approach, whereby the table is introduced as it appears in the SORP and is then modified at a later stage to present the full cost of investing more accurately. This may be mandated through the IMA SORP or FCA rules and guidance, or both.
- 7.25** The exact timing of the next stages may be affected by external factors. The revised Markets in Financial Instruments Directive (MiFID II), and the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation, are expected to come into force in late 2016 or early 2017. Both pieces of EU legislation are likely to contain detailed provisions on charges disclosure, including transaction costs. The Government is separately introducing new measures to improve the transparency of pension fund costs and, probably from April 2016, to cap the charges borne by some types of pension fund and require full disclosure of the uncapped costs.
- 7.26** We will work with stakeholders to see how further development of the SORP comparative table could be aligned with these initiatives in an efficient and cost-effective way to provide customers with a comprehensive measure of charges. Such work will also include further research into the methodologies for measuring costs. We will take into account other FCA initiatives in the asset management sector. These include our recently-published thematic review looking at whether costs and charges are being disclosed clearly by fund managers,³⁶ as well as further work on the potential need for reforming the regulatory regime for dealing commission.³⁷

Q7.5: Taking account of existing and planned initiatives to improve cost transparency in asset management, do you have any comments or suggestions on what rules or guidance for authorised funds the FCA could develop on this subject?

Cost benefit analysis

- 7.27** The changes proposed in this paper will result in costs of no more than minimal significance and, as such, no cost benefit analysis (CBA) is required. Since AFMs already incur costs in preparing, producing and distributing periodic reports and accounts for investors, we are required to consider whether our proposals would result in significant incremental costs. We believe they do not, for the following reasons.
- The changes which the IMA is making to the SORP will require AFMs to keep records of certain additional information for the financial statements and to present some extra detail about costs, charges and performance in the revised comparative information. We understand that AFMs already hold the data required for the new comparative information, so they should not incur any significant one-off or ongoing costs by moving to the new presentation (or, for AFMs of a QIS, adopting it for the first time). The use of transitional periods should mean that AFMs do not incur significant costs through having to assemble data retrospectively.

³⁶ TR14/7 *Thematic review: clarity of fund charges* (May 2014)

³⁷ PS14/7 *Changes to the use of dealing commission rules: feedback to CP13/17 and final rules* (May 2014)

- Some of the proposed changes may result in cost savings for some AFMs - for example, abolishing the requirements to present aggregated accounts for sub-funds of umbrella funds and to include a version of the comparative table in half-yearly short reports. Replacing aggregated accounts with a table of cross-holdings of sub-funds should not result in incremental costs from their preparation.

7.28 We believe that these changes should benefit investors by improving the quality of information available to them about the performance and costs of funds. This will enable investors to make better investment decisions and should result in more effective competition between funds on prices, where the price to the investor is expressed as the proportion deducted from the value of their investment. These benefits are likely to be moderate at first given the limited nature of the changes, and further enhancements to cost transparency will be needed for the benefits to be fully delivered. However, even in the short term, the benefits will probably outweigh the minimal costs.

7.29 These proposals do not impact the operation of mutual societies. To the extent that mutual societies invest in units of authorised funds, the FCA does not expect the impact of the proposed rules to be significantly different for mutual societies compared to other investors.

Q7.6: Do you have any comments on the cost benefit analysis?

Compatibility statement

7.30 We believe that our proposals primarily meet our consumer protection objective, as well as our market integrity and competition objectives. We have also taken into consideration the principles of good regulation when preparing this consultation.

The consumer protection objective

7.31 This objective requires us to secure an appropriate degree of protection for consumers. Consumers have the right to receive adequate information about the level of returns, fees and other costs associated with their investment funds. These proposals aim to enhance the clarity of cost disclosure, although they must be seen as a stage towards that aim rather than a final outcome.

The market integrity and competition objectives

7.32 The integrity objective requires us to protect and enhance the integrity of the UK financial system. We do not expect the proposals to have material effects on the financial system. The competition objective requires us to promote competition in the interests of consumers. We believe that these proposals will have a positive impact on competition but possibly limited initially. Therefore, we intend to work with stakeholders to add value to the information available to investors.

Equality and diversity

7.33 We have assessed these proposals and believe that they will not have implications on equality or diversity. We welcome any comments from investors and other stakeholders on this point.

Appendix 1

List of questions

Chapter 2

Q2.1: Do you know of any reason why these qualifications should not be added and/or amended on our appropriate qualifications?

Chapter 3

Q3.1: Do you have any comments on the proposed amendments?

Chapter 4

Q4.1: Do you agree with our proposal to amend SUP 16.12 to require submission of the annual report and accounts by electronic means made available by the FCA, and to clarify the reporting requirement?

Q4.2: Do you agree with our proposal to include the Immigration Bill compliance self-attestation within the annual report and accounts submission (FIN-A) for qualifying Banks and Building Societies?

Q4.3: Do you agree with our proposals to amend SUP16.8 and require the submission of persistency data through the GABRIEL system?

Q4.4: Do you have any comments on the proposed changes to PSD001 and PSD007?

Q4.5: Do you agree with our proposal to add in transaction reference and transaction date fields into data item PSD006?

Q4.6: Do you agree with our proposal to require CCR004 to be completed in whole numbers?

Q4.7: Do you have any questions in relation to our cost benefit analysis?

Chapter 5

- Q5.1:** Do you agree with our proposals to require firms to tell us that they are complying with the Immigration Act?
- Q5.2:** Do you agree with our proposed amendments to DEPP and EG?
- Q5.3:** Do you agree with our analysis that the costs involved will be of minimal significance?

Chapter 6

- Q6.1:** Do you agree with our proposal for firms to collect ERNs on a best endeavours basis?
- Q6.2:** Do you agree with our proposal that the auditor reports should not opine on whether the firm has used best endeavours to obtain the ERN?
- Q6.3:** Do you agree with our proposal that directors' certificates should opine on whether the firm has used best endeavours to obtain the ERN?

Chapter 7

- Q7.1:** Do you agree that AFMs should adopt the new version of the IMA SORP, subject to transitional provisions?
- Q7.2:** Do you agree that the advantages of aligning the information on the fund to the same time period outweighs its potential disadvantages?
- Q7.3:** Do you agree with the proposals to change the way that records of highest and lowest unit prices and net income are presented in long and short reports?
Do you agree these changes should take effect by April 2015?
- Q7.4:** Do you agree we should replace the aggregation of the accounts of an umbrella's sub-funds by information about cross-holdings between the sub-funds? Is there any other aggregated information that would help investors in a sub-fund to make an informed judgement about the activities of the umbrella as a whole?
Do you agree that a portfolio statement for QIS should be required to achieve consistency across authorised funds?
- Q7.5:** Taking account of existing and planned initiatives to

improve cost transparency in asset management, do you have any comments or suggestions on what rules or guidance for authorised funds the FCA could develop on this subject?

Q7.6: Do you have any comments on the cost benefit analysis?

Appendix 2

Training and competence sourcebook

**TRAINING AND COMPETENCE SOURCEBOOK (QUALIFICATIONS
AMENDMENTS NO 11) INSTRUMENT 2014**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137R (General supplementary powers); and
 - (3) section 138C (Evidential provisions).
- 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 [*date*].

Amendments to the FCA Handbook

- D. The Training and Competence sourcebook (TC) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Training and Competence Sourcebook (Qualifications Amendments No 11) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[*date*]

Annex

Amendments to the Training and Competence sourcebook (TC)

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

Appendix 4.1.1E Appropriate Qualification tables

...

Part 2: Appropriate Qualifications Tables

Qualification provider	Qualification	Activity Number(s)	Key
...			
Association of Corporate Treasurers	Fellow or Associate MCT Advanced Diploma (Member or Fellow) or AMCT Diploma in Treasury (Associate Member)	15,16,17,18,19	4
...			
CASS Business School			
<u>CFA Institute</u>	<u>Claritas Investment Certificate</u>	<u>15, 16, 17, 19</u>	<u>4</u>
...			
Chartered Institute for Securities and Investments (CISI) - (Formerly the Securities and Investment Institute (SII); formerly The Securities Association)	...		
	Investment Administration Qualification – ISA and CTF Administration Module	<u>15, 16,17</u>	6
	...		
Chartered Insurance Institute	<u>Certificate in Advanced Mortgage Advice</u>	<u>20</u>	<u>1</u>
	Certificate in Securities Advice and Dealing	2, 12	a
	<u>Diploma in Financial Planning (with appropriate gap fill) plus the Award in Long Term Care Insurance</u>	<u>7</u>	<u>1</u>
	...		
	Diploma in Regulated Financial Planning (attained through a CII alternative assessment day)	4, 6	a
	<u>Diploma in Regulated Financial Planning plus the Award in Long Term Care Insurance</u>	<u>7</u>	<u>1</u>
...			

ifs University College (formerly the ifs School of Finance / Chartered Institute of Bankers)	...		
	Diploma for Financial Advisers (post 2010 examination standards)	4, 6	a
	<u>Level 6 Diploma in Financial Advice (Adv Dipfa)</u>	<u>4, 6</u>	<u>a</u>
	...		
	Certificate for Financial Advisers and Certificate in Long-term Care Insurance	7	1
	<u>Pension Transfers plus Diploma for Financial Advisers (DipFA®) post 2010 exam standards</u>	<u>11</u>	<u>1</u>
	...		
...			
The Securities Analysts Association of Japan (SAAJ)	...		
<u>University of Northampton</u>	<u>BSc Banking and Financial Planning</u>	<u>4, 6</u>	<u>a</u>
...			

Appendix 3

Consumer credit

CONSUMER CREDIT (AMENDMENT) INSTRUMENT 2014**Powers exercised**

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137R (Financial promotion rules);
 - (3) section 137T (General supplementary powers); and
 - (4) section 139A (The FCA’s power to give 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 [*date*].

Amendments to the FCA 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).

A	B
Banking: Conduct of Business sourcebook (BCOBS)	Annex A
Consumer Credit sourcebook (CONC)	Annex B
Supervision manual (SUP)	Annex C

Amendments to the Perimeter Guidance manual

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

Notes

- F. In Annex B the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Consumer Credit (Amendment) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[*date*]

Annex A

Amendments to the Banking: Conduct of Business sourcebook (BCOBS)

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

3.2 E Commerce

...

Requirements relating to the placing and receipt of orders

3.2.6 R A *firm* must (except when otherwise agreed by parties who are not *consumers*):

(1) give an *ECA recipient* at least the following information, clearly, comprehensibly and unambiguously, and prior to the order being placed by the recipient of the service:

...

(b) whether or not the concluded contract will be ~~filed in~~ filed by the *firm* and whether it will be accessible;

...

...

Annex B

Amendments to the Consumer Credit sourcebook (CONC)

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

2.5 Conduct of business: credit broking

...

Unfair business practices: credit brokers

2.5.8 R A *firm* must not:

...

(12A) secure credit for a customer at a higher rate of interest than was requested, where the object of doing so is for, or can reasonably be concluded as having been for, the personal gain of the *firm* or of a *person* acting on its behalf, rather than in the best interests of the customer;

...

...

2.8 E-commerce

...

Requirements relating to the placing and receipt of orders

2.8.6 R A *firm* must (except when otherwise agreed by parties who are not consumers):

(1) give an *ECA recipient* at least the following information, clearly, comprehensibly and unambiguously, and prior to the order being placed by the recipient of the service:

...

(b) whether or not the concluded contract will be ~~filled in~~ filed by the *firm* and whether it will be accessible;

...

...

...

Other financial promotions requiring a representative APR

- 3.5.7 R (1) A *financial promotion* must include the *representative APR* if it:
- (a) indicates in any way, whether expressly or by implication, including by means of the name given to the business or the product or of an address used by a business for the purposes of electronic communication, that:
 - ...
 - (ii) any of the terms on which *credit* is available is more favourable (either for a limited period or generally) than corresponding terms applied in any other case or by any other ~~lenders~~ lender; or
 - (iii) the way in which the *credit* is offered is more favourable (either for a limited period or generally) than corresponding ways used in any other case or by any other ~~lenders~~ lender; or

[Note: regulation 6 of *CCAR 2010*]

...

...

...

Annual percentage rate of charge

- 3.6.6 R (1) A *financial promotion* must specify the *typical APR* if the promotion:

...

- (c) indicates in any way, whether expressly or by implication, including by means of the name given to a business or of an address used by a business for the purposes of *electronic communication*, that:
 - ...
 - (ii) any of the terms on which *credit* is available is more favourable (either for a limited period or generally) than corresponding terms applied in any other case or by any other ~~lenders~~ lender; or
 - (iii) the way in which the *credit* is offered is more favourable (either for a limited period or generally) than corresponding ways used in any other case or by

any other ~~lenders~~ lender: or

[**Note:** regulation 8(1) of *CCAR 2004*]

...

...

...

Contents of financial promotions and communications

3.9.3 R A *firm* must ensure that a *financial promotion* or a communication with a *customer* (to the extent a previous communication to the same *customer* has not included the following information) includes:

(13) where entry into a *debt solution* with the *firm* will lead to a period when payments to a *customer's lenders or owners* (in whole or in part) are not made or are retained by the *firm*, a warning of the likelihood of falling into arrears or increasing arrears and an explanation of when distributions would be made to *lenders or owners*;

(14) a statement of the risks of entering into an individual voluntary arrangement or a protected trust deed, as the case may be, including of the following risks:

...

(d) the *customer's lenders or owners* may not approve the individual voluntary arrangement or the protected trust deed; and

...

...

3.9.5 R A *financial promotion* or a communication with a *customer* by a *firm* must not:

(4) claim or imply that the *firm* can guarantee a favourable outcome in negotiations with a *lender or owner* concerning the *customer's* debts:

[**Note:** paragraph 3.18m of *DMG*]

...

...

Adequate explanations in relation to particular regulated credit agreements

- 4.2.15 R The following information must be provided by the *lender* or a *credit broker* as part of, and in addition to that provided under, the adequate explanation required by *CONC* 4.2.5R, where applicable, in the specified cases:

(1) for *credit token agreements*:

...

(c) interest rates or charges may be increased;

...

...

...

Unfair business practices: lenders

- 5.3.4 R A *firm* must not base its *creditworthiness assessment*, or its assessment required under *CONC* 5.2.2R(1), primarily or solely on the value of any *security* provided by the *customer*, but this *rule* does not apply in relation to a *regulated credit agreement* under which the *firm* takes an article in *pawn* and the *customer's total financial liability* (including capital, interest and all other charges) is limited under the agreement to the value of the article or articles pawned by the customer ~~plus interest on the credit and there are no additional charges.~~

[Note: paragraph 4.24 (box) of *ILG*]

...

6.7 Post contract: business practices

...

Credit card and store card requirements

- 6.7.4 R A *firm* must first allocate a *repayment* to the debt subject to the highest rate of interest (and then to the next highest rate of interest and so on) for:

...

...

- 6.7.9 R (1) A *firm* under a *regulated credit agreement* for a credit card or store card must notify the *customer* of a proposed increase in the credit limit under the agreement at least 30 days before the a-credit limit increase under the agreement comes into effect, except where:

[Note: paragraph 6.17 of *ILG*]

- (1) the increase is at the express request of the *customer*: or
 - (2) the increase is proposed by the *firm*, but the *customer* agrees to it at that time and wishes it to come into effect in less than 30 days.
 - ~~(2) Paragraph (1) does not apply where a customer requests a temporary *credit limit* increase to deal with an emergency situation and, where CONC 6.2.1R applies, the *firm* carries out the required creditworthiness assessment in relation to any such increase.~~
- ...

6.8 Post contractual business practices credit brokers

...

6.8.4A R If a *customer* has not entered into an agreement referred to in section 155(2) of the CCA within six months of the *customer* being introduced by the *firm* to a potential source of *credit*, as soon as reasonably practicable after the expiry of that six-month period a *firm* must by any method clearly bring to the *customer's* attention:

- (1) the right to request a refund under section 155 of the CCA; and
- (2) how to exercise the right to request the refund.

[Note: paragraph 6.19d of the CBG]

6.8.4B G The FCA would consider it to be reasonably practicable to comply with CONC 6.8.4AR within five working days of the expiry of the six-month period.

...

Debt collection visits

7.9.12 R Unless it is not practicable to do so, a *firm* must ensure that a *person* visiting a *customer* on its behalf:

- (1) clearly explains to the *customer* the purpose and intended outcome of the proposed visit; and

[Note: paragraph 3.12 of DCG]

- (2) gives the *customer* adequate notice of the date and likely time (at a reasonable time of day) of the visit.

[Note: paragraph 3.13g of DCG]

7.9.13 G Failure to explain the purpose and intended outcome of a proposed initial

visit to the customer or to give adequate notice prior to ~~an~~ a proposed initial visit to the *customer* may not contravene *CONC 7.9.12R*, provided that if the *customer* is happy to speak to the *person* pursuing recovery of the debt at that time. However, where, at the initial visit the *customer* indicates a preference to use the first visit to agree a more convenient time for a future visit, the *person* pursuing recovery of the debt should respect the *customer's* wishes. It is important that the *customer* is given reasonable time to prepare for a visit and should not be coerced or pressurised into immediate discussions or decisions.

[Note: paragraph 3.13g (box) of *DCG*]

...

8.1 Application

...

- 8.1.2 G *CONC 8.10* (Conduct of business: providing credit information services) sets out that that section applies to every *firm* with respect to *providing credit information services* and with respect to *operating an electronic system in relation to lending* in relation to activities specified in article 36H(3)(e) to (h) of the Regulated Activities Order which are similar to providing credit information services.

...

14 Requirement in relation to agents

...

- 14.1.3 G (1) A *firm* in *CONC 14.1.2R* would need to have a *Part 4A permission* for every activity the individual carries on as its agent for which the *firm* would need permission if it were carrying on the activity itself.
- (2) *CONC 14* uses the expression “individual” in its natural meaning as referring to a single human being.

Annex C

Amendments to the Supervision manual (SUP)

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

16
Annex
21R

REPORTING FIELDS

...

2 SPECIFIC REPORTING FIELD

...

(e) High-cost short-term credit and home credit loan agreements

...

Data reporting field	Code (where applicable)	Notes
...		
APR	Numeric % 2 dp	Provide the annual percentage rate of charge in relation to the credit agreement calculated in accordance with <i>CONC</i> App 1.2 in the Consumer Credit sourcebook. <u>Where a <i>firm</i> calculates the APR to one decimal place, it should add a further zero in the APR reporting field.</u>

...

Annex D

Amendments to the Perimeter Guidance manual (PERG)

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

2.3 The business element

...

- 2.3.7 G In the *FCA's* view the following factors are relevant in deciding whether a *person* (referred to in this paragraph as an “individual”) is to be treated as carrying on his own business ...

...

- (3) The degree to which the individual takes on the financial risks and rewards of an independent business (the more the individual takes on such risks the more likely it is that the *general prohibition* ~~does not apply~~ applies). For example, one might take into account whether the individual provides his own equipment; whether he hires his own helpers; what degree of financial risk he takes; what degree of responsibility for investment and management he has; whether and how far he has an opportunity of profiting from sound management in the performance of his task.

...

Appendix 4 Supervision manual

SUPERVISION MANUAL (AMENDMENT NO [20]) INSTRUMENT 2014

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) section 139A (Power of the FCA to give 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 as follows:
- (1) Part 1 of the Annex comes into force on [1 October 2014];
 - (2) Part 2 of the Annex come into force on [31 December 2014]; and
 - (3) Part 3 of the Annex comes into force on [1 January 2015].

Amendments to the FCA Handbook

- D. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Supervision Manual (Amendment No [20]) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[date]

Annex

Amendments to the Supervision manual (SUP)

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

Part 1:	Comes into force on [1 October 2014].
----------------	--

**16 Annex
21R**

REPORTING FIELDS

R This is the annex referred to in SUP 16.11.7R.

1 GENERAL REPORTING FIELDS

...

2 SPECIFIC REPORTING FIELDS

...

(e) High-cost short-term credit and home credit loan agreements

The following data reporting fields must be completed, where applicable for all high-cost short-term credit and home credit loan agreements

Data reporting field	Code (where applicable)	Notes
Loan amount	Numeric £	Provide the total amount of credit (i.e. the total sum made available under the loan)
<u>Transaction date</u>	<u>DD/MM/YYYY</u>	<u>Provide the date of the transaction</u>
...		

...

16 Annex 38BG

NOTES FOR COMPLETION OF THE DATA ITEMS RELATING TO CONSUMER CREDIT ACTIVITIES

...

CCR004 – Consumer Credit data: Debt Management Firms

This data item is intended to reflect the underlying prudential requirements contained in CONC 10 and allows monitoring against the requirements set out there.

This data item must be completed in sterling (~~000's~~) and single units.

Total value of <i>relevant debts under management</i> outstanding	1A	Firms should enter the total of the value of all the <i>relevant debts under management</i> that are used to calculate the firm's current prudential resources requirement. This should be the figure calculated at the latest accounting reference date, or, if there has been a change in the value of all the <i>relevant debts under management</i> of more than 15%, the re-calculated figure. See <i>CONC 10.2.5R</i> to <i>CONC 10.2.10G</i> and <i>CONC 10.2.13R</i> to <i>CONC 10.2.14R</i> .
Total prudential resources requirement	2A	Firms should enter whichever figure is higher out of: a) £5000; and b) the variable prudential resources requirement that is calculated based on the value of relevant debts under management outstanding entered in element 1A (See <i>CONC 10.2.5R</i> , <i>CONC 10.2.8R</i> and <i>CONC 10.2.11G</i> to <i>CONC 10.2.12G</i>). NB: this data item must be completed in '000s, so if £5000 is the highest requirement, this should be submitted as "5". <u>as single units, so if £5000 is the highest requirement it should be submitted as "5000"</u> .
Total prudential resources	3A	Firms should enter their total prudential resources, calculated in accordance with <i>CONC 10</i> .
Number of debt management plans that end before the end of the term originally agreed	4A	Firms should identify the number of debt management plans that ended earlier than stated in the original contract during the reporting period.

Part 2: Comes into force on [31 December 2014]**16 Reporting requirements**

16.1 Application

...

16.1.2 G The only categories of *firm* to which no section of this chapter applies are:

- (1) an *ICVC*;
- (2) an *incoming EEA firm* or *incoming Treaty firm*, unless it is:
 - (a) a *firm* of a type listed in *SUP* 16.1.3R as a type of *firm* to which *SUP* 16.6, *SUP* 16.7A, *SUP* 16.9, *SUP* 16.12, or *SUP* 16.14 applies; or

...

...

16.1.3 R Application of different sections of *SUP* 16 (excluding *SUP* 16.13, *SUP* 16.15, *SUP* 16.16 and *SUP* 16.17)

(1) Section(s)	(2) Categories of firm to which section applies	(3) Applicable rules and guidance
...		
<u><i>SUP</i> 16.7A</u>	<u>A firm subject to the requirement in <i>SUP</i> 16.7A.3R or <i>SUP</i> 16.7A.5R.</u>	<u>Sections as relevant</u>
...		

...

16.3 General provisions on reporting

...

Structure of the chapter

16.3.2 G This chapter has been split into the following sections, covering:

...

(4A) annual report and accounts (SUP 16.7A);

...

...

Insert the following new section in SUP 16 after SUP 16.7 (deleted). The text is not underlined.

16.7A Annual report and accounts

Application

- 16.7A.1 R This section applies to every *firm* in the *regulatory activity group (RAG)* set out in column (1), which is a type of firm in column (2), of the tables in SUP 16.7A.3R and SUP 16.7A.5R, except:
- (1) an *incoming EEA firm* with *permission for cross border services only*;
 - (2) an *incoming EEA firm* in relation to its carrying on of *bidding in emissions auctions*;
 - (3) an *oil market participant* that is not subject to the requirements of *IPRU(INV) Chapter 3*;
 - (4) an *authorised professional firm* other than:
 - (1) a *firm* that must comply with *IPRU(INV) 3, 5 or 13* in accordance with *IPRU(INV) 2.1.4R*; or
 - (b) a *CASS debt management firm*;
 - (5) an *authorised professional firm* if the only *regulated activity* it carries on is *credit-related regulated activity* as a *non-mainstream regulated activity*;
 - (6) a *financial conglomerate*; and
 - (7) a local authority.

Purpose

- 16.7A.2 G The purpose of this section is to require *firms* to submit their *annual report and accounts*, and the *annual report and accounts* of their *mixed activity holding companies*, to the *FCA* online through the appropriate systems accessible from the *FCA*'s website. This information is used in the monitoring of *firms* both individually and collectively.

Requirement to submit annual report and accounts

- 16.7A.3 R A *firm* in the *RAG* in column (1) and which is a type of *firm* in column (2) must submit its *annual report and accounts* to the *FCA* annually on a single entity basis.

(1)	(2)
RAG	Firm type
1	<i>UK Bank</i>
	<i>Dormant account fund operator</i>
	<i>Non-EEA Bank</i>
2.2	<i>The Society</i>
3	<i>IFPRU investment firms</i>
	<i>BIPRU firms</i>
	<i>Exempt CAD firms subject to IPRU (INV) Chapter 13</i>
	All other <i>firms</i> subject to the following chapters in <i>IPRU(INV)</i> :
	(1) Chapter 3
	(2) Chapter 5
	(3) Chapter 9
4	<i>IFPRU investment firms</i>
	<i>BIPRU firms</i>
	<i>Exempt CAD firms subject to IPRU (INV) Chapter 13</i>
	<i>Collective portfolio management firms</i>

	All other <i>firms</i> subject to the following chapters in <i>IPRU(INV)</i> :
	(1) Chapter 3
	(2) Chapter 5
	(3) Chapter 9
	(5) Chapter 12
5	All <i>firms</i>
6	All <i>firms</i>
7	<i>IFPRU investment firms</i>
	<i>BIPRU firms</i>
	<i>Exempt CAD firms</i> subject to <i>IPRU (INV)</i> Chapter 13
8	All <i>firms</i>

Exceptions from the requirement to submit an annual report and accounts

- 16.7A.4 R (1) An *adviser, local* or traded options market maker (as referred to in *IPRU(INV)* 3-60(4)R), is only required to submit the *annual report and accounts* if:
- (a) it is a *partnership* or *body corporate*; and
 - (b) the *annual report and accounts* were audited as a result of a statutory provision other than under the *Act*.
- (2) A *service company* is only required to submit the *annual report and accounts* if the reports and accounts were audited as a result of a statutory provision other than the *Act*.

Requirement to submit annual report and accounts for mixed activity holding companies

- 16.7A.5 R A *firm* in the *RAG* group in column (1), which is a type of *firm* in column (2) and whose ultimate parent is a *mixed activity holding company* must:

- (1) submit the *annual report and accounts* of the *mixed activity holding company* to the *FCA* annually; and
- (2) notify the *FCA* that it is covered by this reporting requirement by email using the email address specified in *SUP 16.3.10G(3)*, by its *accounting reference date*.

(1)	(2)
RAG	Firm type
1	<i>UK Bank</i>
3	<i>IFPRU investment firm</i>
	<i>BIPRU firm</i>
4	<i>IFPRU investment firm</i>
	<i>BIPRU firm</i>
7	<i>IFPRU investment firm</i>
	<i>BIPRU firm</i>

- 16.7A.6 R Where a number of *firms* in the same group share the same *mixed activity holding company* parent, only one *firm* in the group is required to provide the report.

Method for submitting annual accounts and reports

- 16.7A.7 R *Firms* must submit the *annual report and accounts* to the *FCA* online through the appropriate systems accessible from the *FCA*'s website, using the form specified in *SUP 16 Annex 1AR*.

Time period for firms submitting their annual report and accounts

- 16.7A.8 R *Firms* must submit their *annual report and accounts* in accordance with *SUP 16.7A.3R* within the following deadlines:
- (1) for a *non-EEA Bank*, within 7 months of the *accounting reference date*;
 - (2) for the *Society* or a *service company*, within 6 months of the *accounting reference date*; and
 - (3) for all other *firms*, within 80 days of the *accounting reference date*.

Time period for firms submitting annual report and accounts for mixed activity

holding companies

- 16.7A.9 R *Firms* must submit the *annual report and accounts* of a *mixed activity holding company* in accordance with SUP 16.7A.5R within 7 months of their *accounting reference date*.

Amend the following as shown.

16.8 Persistency reports from insurers and data reports on stakeholder pensions

...

Requirement to submit persistency and data reports

- 16.8.3 R ...

- (2) *A firm* with *permission* to establish, operate or wind up a *stakeholder pension scheme* must submit to the *FCA*:
- (a) a data report on stakeholder pensions by 30 April each year ~~prepared in accordance with this section; and~~ using the form specified in SUP 16 Annex 6R;
 - (b) ~~two extra data reports on stakeholder pensions prepared in accordance with this section as follows:~~
 - (i) ~~by 31 October 2002, of the number effected in the period to 30 June 2001 and the number of those still in force 12 months after the contract was effected;~~
 - (ii) ~~by 31 January 2003, of the number effected in the period 1 July 2001 to 30 September 2001 and the number of those still in force 12 months after the contract was effected. [deleted]~~

Alternative year end date

- 16.8.3A R (1) *A firm* may submit persistency and data reports within 4 months of its *accounting reference date* if:
- (a) it has notified the FCA of this intention by email using the email address specified in SUP 16.3.10G(3) no later than the firm's accounting reference date; and
 - (b) it either:
 - (i) has an accounting reference date other than 31 December; or
 - (ii) undertakes industrial assurance policy business.

How to submit persistency and data reports

- 16.8.3B R Firms required to submit reports as set out in SUP 16.8.3R(1) and (2) must do so online through the appropriate systems accessible from the FCA's website.

Interpretation of this section

- 16.8.4 R In this section, and ~~Forms 1R(2) to (4)~~ in SUP 16 Annex 6R:

...

- (6) ~~Forms 1R(1), 1R(2), 1R(3) and 1R(4) mean the forms in SUP 16 Annex 6; [deleted]~~

...

- (23) 'year' means calendar year, unless ~~SUP 16.8.7R~~ applies SUP 16.8.3AR(1) applies.

...

- 16.8.7 R ~~In relation to a persistency report, a firm may treat a 12-month period ending between 1 October and 31 March as a 'year' for the purposes of this section and Forms 1R(1) to (3):~~

- ~~(1) if the firm's financial year does not end on 31 December; or~~

- ~~(2) for industrial assurance policy business;~~

~~provided that the use of an alternative period is disclosed in the persistency report. [deleted]~~

...

- 16.8.14 R A persistency report required by SUP 16.8.3R(1) need not contain information: report; on a life policy if the number of life policies on substantially the same terms effected by the relevant firm (or member of the firm's group) in the relevant year did not exceed the higher of fifty and 1% of the total reportable life policies effected by the person in that year.

- (1) on a life policy if the number of life policies on substantially the same terms effected by the relevant firm (or member of the firm's group) in the relevant year did not exceed the higher of fifty and 1% of the total reportable life policies effected by the person in that year; and

- (2) on life policies and stakeholder pensions if a firm has no life policies or stakeholder pensions to report on in SUP 16 Annex 6R.

- 16.8.14 R In circumstances where a firm has no data to report in one or both of the life
A policies and stakeholder pensions sections of SUP 16 Annex 6R, a firm

should submit a nil return using the relevant field(s) in the form.

...

Life policies and stakeholder pensions to be treated as in force

- 16.8.16 R Subject to *SUP* 16.8.17R and *SUP* 16.8.18R, a *life policy* or stakeholder pension must be treated as in force at the end of Y-1 (that is, included in CF) if and only if:

...

- (3) in the case of a regular premium stakeholder pension:
- (a) for a report required by *SUP* 16.8.3R(2) (a), the premium has been paid in respect of the month in which the contract anniversary falls;
- (b) ~~for a report required by *SUP* 16.8.3R(2) (b), the premium has been paid in respect of the month 12 months after the contract was effected;~~ [deleted]
- (4) in the case of a single premium stakeholder pension:
- (a) for a report required by *SUP* 16.8.3R(2)(a), the contract has not been surrendered as at the contract anniversary; ~~or~~
- (b) ~~for a report required by *SUP* 16.8.3R(2)(b), the contract has not been surrendered as at the end of the 12 month period.~~ [deleted]

....

Contents of the persistency or data report

- 16.8.19 R (1) ~~A persistency report on life policies must be a report in the format of Forms IR(1), (2) and (3).~~ [deleted]
- (2) ~~A data report on stakeholder pensions must be a report in the format of Form IR(4).~~ [deleted]
- (3) ~~A persistency and a data report must include~~ [deleted]
- (a) ~~for a report required by *SUP* 16.8.3R(1) or (2)(a), a separate copy of each Form reporting on *life policies* or stakeholder pensions effected during each of Y-2, Y-3, Y-4, Y-5;~~ [deleted]
- (b) ~~for a persistency report, a separate copy of Forms IR(1) and IR(2) reporting on:~~
- (i) ~~regular premium life policies and single premium *life policies*; and~~

(ii) — ~~life policies classified as ordinary assurance policies and industrial assurance policies. [deleted]~~

- 16.8.19 A R A persistency report on *life policies* and stakeholder pensions must be in the format of SUP 16 Annex 6R.
- 16.8.20 R ~~If, in relation to any Form, a *firm* has no *life policies* or stakeholder pensions to report on in a copy of that Form, the *firm* need not submit that copy provided that it confirms in writing to the FCA, as part of the persistency or data report, that it is not doing so and the reason for not doing so. [deleted]~~
- 16.8.21 R The *firm* must, if a persistency report reports on;
- (1) an *endowment assurance* with a term of five years or less:
 - (a) ~~report on such a *policy* in Form 1R(2); and [deleted]~~
 - (b) ~~not~~ report on such a *policy* in the report in SUP 16 Annex 6R;
 - (2) a group personal pension policy, include the policy as a personal pension policy in ~~Forms 1R(1) and 1R(3)~~ the report in SUP 16 Annex 6R;
 - (3) a mortgage endowment, also include the policy as an endowment assurance in the report in Forms 1R(1) and 1R(3) SUP 16 Annex 6R;
 - (4) an *income withdrawal*, not include the policy under any other relevant category in ~~Forms 1R(1) and 1R(3).~~ SUP 16 Annex 6R.
- 16.8.22 G (1) ~~Under SUP 16.8.16R, a *life policy* must be treated as not in force if *premiums* have not been paid at the relevant date. Form 1R(3) seeks additional information on the number of *policies* treated as not in force which are subject to genuine contribution holidays. [deleted]~~
- (2) ~~A *firm* should treat a *life policy* as 'subject to a contribution holiday' if:~~
- (a) ~~the terms of the *policy* allow the *policyholder* to take a contribution holiday;~~
 - (b) ~~the *policyholder* has opted to take a contribution holiday in accordance with those terms;~~
 - (c) ~~the *policyholder* has clearly stated his intention to resume payments; and~~
 - (d) ~~at the end of Y-1, not more than 12 months have elapsed from the date that *premiums* ceased to be paid. [deleted]~~

Records

...

- 16.8.24 G In order to comply with *SUP* 16.8.23R, a *firm* will as a minimum need to make and retain separate records for:
- (1) *life policies* and stakeholder pensions originally promoted:
 - (a) by ~~representatives~~ restricted advice; or
 - (b) by ~~independent intermediaries~~ independent advice; or
 - (c) through the *firm's* own *direct offer financial promotions*; ~~or~~
 - (d) ~~as adopted packaged products~~; [deleted]
 - (2) *life policies* and stakeholder pensions not within (1), including those effected as ~~execution-only transactions~~ execution-only transactions, for inclusion in the relevant form under 'Otherwise' 'Other';
- ...
- (5) the categories of *life policies* and stakeholder pensions referred to in ~~Forms 1R(1) to (4)~~ *SUP* 16 Annex 6R.

...

16.12 Integrated Regulatory Reporting

...

Regulated Activity Group 1

- 16.12.5 R The applicable *data items* and forms or reports referred to in *SUP* 16.12.4R are set out according to *firm* type in the table below:

Descripti on of	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (Note 1)
--------------------	---

<i>data item</i>	<i>UK bank</i>	<i>Building society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits, other than one with permission for cross border services only</i>	<i>EEA bank that does not have permission to accept deposits, other than one with permission for cross border services only</i>	[deleted]	<i>Credit union</i>	<i>Dormant account fund operator (note 15)</i>
<i>Annual report and accounts [deleted]</i>	No standard format [deleted]	-	No standard format, but in English [deleted]	-	-	-	-	No standard format [deleted]
<i>Annual report and accounts of the mixed-activity holding company (note 9) [deleted]</i>	No standard format [deleted]	-	-	-	-	-	-	-
...								

16.12.6 R The applicable reporting frequencies for submission of *data items* and periods referred to in *SUP* 16.12.5R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	Unconsolidated <i>UK banks and building societies</i>	Solo consolidated <i>UK banks and building societies</i>	Report on a <i>consolidation group</i> or, as applicable, <i>defined liquidity group</i> basis by <i>UK banks and building societies</i>	Other members of <i>RAG 1</i>
<i>Annual report and accounts</i> [deleted]	Annual [deleted]	-	-	Annual [deleted]
<i>Annual report and accounts of the mixed-activity holding company</i> [deleted]	Annual [deleted]	-	-	-
...				

- 16.12.7 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.6R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
<i>Annual report and accounts</i> [deleted]	-	-	-	-	-	80 business days (note 1) 7 months (note 2) [deleted]
<i>Annual report and accounts of the mixed-activity holding company</i> [deleted]	-	-	-	-	-	7 months [deleted]
...						
Note 1 [deleted]	Applicable to UK banks and dormant account fund operators. [deleted]					
Note 2 [deleted]	Applicable to non-EEA banks [deleted]					
...						

...

Regulated Activity Group 2.2

- 16.12.9 R The applicable *data items* referred to in SUP 16.12.4R are set out according to type of *firm* in the table below.
 The applicable reporting frequencies for submission of *data items* and periods referred to in SUP 16.12.4R are set out in the table below and are calculated from a *firm's accounting reference date*, unless indicated otherwise.
 The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

	<i>Member's adviser</i>		the <i>Society</i> (note 1)		
Description of <i>data item</i> and <i>data item</i>	Frequency	Submission deadline	Description of <i>data item</i>	Frequency	Submission deadline
			Annual report and accounts [deleted]	Annually [deleted]	6 month's after the <i>Society's accounting reference date</i> [deleted]
...					

...

Regulated Activity Group 3

- 16.12.10 R (1) ...
- (2) ~~A lead regulated firm and an OPS firm must submit a copy of its annual report and audited accounts within 80 business days from its accounting reference date.~~ [deleted]
- (3) ~~A service company must submit a copy of its annual audited financial statements within 6 months from its accounting reference date. However, the firm need only submit this if the report was audited as a result of a statutory provision other than the Act.~~ [deleted]

- 16.12.11 R The applicable *data items* referred to in SUP 16.12.4R are set out according to *firm* type in the table below:

Description of <i>data item</i>	Firms' prudential category and applicable <i>data items</i> (note 1)	
	<i>IFPRU investment firms</i> and <i>BIPRU firms</i>	Firms other than <i>BIPRU firms</i> or <i>IFPRU investment firms</i>

	<i>IFPR U</i>	<i>BIPR U</i>	<i>IPRU(INV)) Chapter 3</i>	<i>IPRU(INV)) Chapter 5</i>	<i>IPRU(INV)) Chapter 9</i>	<i>IPRU(INV)) Chapter 13</i>
<i>Annual report and accounts [deleted]</i>	No standard format [deleted]		No standard format (note 19) [deleted]	No standard format [deleted]		No standard format (Note 13) [deleted]
<i>Annual report and accounts of the mixed- activity holding company (note 10) [deleted]</i>	No standard format [deleted]					
...						
Note 13	This does not apply to a <i>firm</i> subject to <i>IPRU(INV)</i> Chapter 13 which is not an <i>exempt CAD firm</i> . [deleted]					
	...					
Note 19	In the case of an <i>adviser, local</i> or traded options market maker (as referred to in <i>IPRU(INV) 3-60(4)R</i>), it is only required from <i>partnerships</i> and <i>bodies corporate</i> , and then only if the report was audited as a result of a statutory provision other than under the <i>Act</i> . [deleted]					
...						

...

- 16.12.12 R The applicable reporting frequencies for *data items* referred to in *SUP* 16.12.4R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Data Item	<i>IFPRU 730K firm</i>	<i>IFPRU 125K firm and collective portfolio managem ent investmen t firm</i>	<i>IFPRU 50K firm</i>	<i>BIPRU firm</i>	<i>UK consolidati on group or defined liquidity group</i>	<i>Firm other than BIPRU firms or IFPRU investment firms</i>

COREP/FIN REP	Refer to <i>EU CRR</i> and applicable technical standards					Refer to <i>EU CRR</i> and applicable technical standards	
Annual report and accounts [deleted]	Annually [deleted]	Annually [deleted]	Annually [deleted]	Annually [deleted]	-	Annually [deleted]	
Annual report and accounts of the mixed-activity holding company [deleted]	Annually [deleted]	Annually [deleted]	Annually [deleted]	Annually [deleted]	-		
...							

- 16.12.13 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.12R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
COREP/FIN EP	Refer to <i>EU CRR</i> and applicable technical standards					
Annual report and accounts [deleted]						80 business days [deleted]
Annual report and accounts of the mixed-activity holding company [deleted]						7 months [deleted]
...						

Regulated Activity Group 4

- 16.12.14 R ...

- (2) ~~A lead regulated firm and an OPS firm must submit a copy of its annual report and audited accounts within 80 business days from its accounting reference date.~~ [deleted]

- 16.12.15 R The applicable *data items* referred to in SUP 16.12.4R according to type of *firm* are set out in the table below:

Description of <i>data item</i>	<i>Firms' prudential category and applicable data items (note 1)</i>						
	<i>IFPRU investment firms and BIPRU firms</i>		<i>Firms other than BIPRU firms or IFPRU investment firms</i>				
	<i>IFPRU</i>	<i>BIPRU</i>	<i>IPRU(IN V) Chapter 3</i>	<i>IPRU(IN V) Chapter 5</i>	<i>IPRU(INV) Chapter 9</i>	<i>IPRU(INV) Chapter 11 (collective portfolio management firms only)</i>	<i>IPRU(INV) Chapter 13</i>
<i>Annual report and accounts [deleted]</i>	No standard format (note 13) [deleted]					No standard format (note 13) [deleted]	No standard format (note 13) [deleted]
<i>Annual report and accounts of the (note 10) [deleted]</i>	No standard format (note 13) [deleted]	-	-	-	-	-	-
...							

...

- 16.12.16 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.15R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>Firms' prudential category</i>
------------------	-----------------------------------

	<i>IFPRU 730K firm</i>	<i>IFPRU 125K firm and collective portfolio management investment firm</i>	<i>IFPRU 50K firm</i>	<i>BIPRU firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms or IFPRU investment firms</i>
COREP/FINREP	Refer to <i>EU CRR</i> and applicable technical standards				Refer to <i>EU CRR</i> and applicable technical standards	
<i>Annual report and accounts</i> [deleted]	<i>Annually</i> [deleted]	<i>Annually</i> [deleted]	<i>Annually</i> [deleted]	<i>Annually</i> [deleted]	-	<i>Annually</i> [deleted]
<i>Annual report and accounts of the mixed-activity holding company</i> [deleted]	<i>Annually</i> [deleted]	<i>Annually</i> [deleted]	<i>Annually</i> [deleted]	<i>Annually</i> [deleted]	-	-
...						

16.12.17 R

The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.16R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
COREP/FINREP	Refer to <i>EU CRR</i> and applicable technical standards					
<i>Annual report and accounts</i> [deleted]	-	-	-	-	-	80 <i>business days</i> [deleted]
<i>Annual report and accounts of the mixed-activity holding company</i> [deleted]	-	-	-	-	-	7 <i>months</i> [deleted]

...						

Regulated Activity Group 5

- 16.12.18 R (1) *SUP* 16.12.18AR does not apply to:
- (a) a lead regulated firm;
 - (b) an OPS firm;
 - (c) a local authority.
- (2) ~~A lead regulated firm and an OPS firm must submit a copy of its annual report and audited accounts within 80 business days from its accounting reference date. [deleted]~~

16.12.18 R A The applicable *data items*, reporting frequencies and submission deadlines referred to in *SUP* 16.12.4R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of <i>data item</i>	<i>Data item</i> (note 1)	Frequency	Submission deadline
Annual report and accounts [deleted]	No standard format [deleted]	Annually [deleted]	80 business days [deleted]
...			

Regulated Activity Group 6

- 16.12.19 R ...
- (2) ~~A lead regulated firm and an OPS firm must submit a copy of its annual report and audited accounts within 80 business days from its accounting reference date. [deleted]~~

16.12.19 R A The applicable *data items* referred to in *SUP* 16.12.4R are set out according to type of *firm* in the table below:

Description of <i>data item</i>	<i>Firm's prudential category and applicable data item</i> (note 1)			
	<i>IPRU(INV)</i> Chapter 3	<i>IPRU(INV)</i> Chapter 5	<i>IPRU(INV)</i> Chapter 9	<i>IPRU(INV)</i> Chapter 13
Annual report and accounts [deleted]	No standard format [deleted]			
...				

16.12.20 R The applicable reporting frequencies for submission of *data items* referred to in *SUP* 16.12.4R are set out in the table below. Reporting frequencies are

calculated from a *firm's accounting reference date*, unless indicated otherwise.

Annual report and accounts [deleted]	Annually [deleted]
...	

16.12.21 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.20R.

<i>Data item</i>	Quarterly	Half yearly	Annual
Annual report and accounts [deleted]	-	-	80 business days [deleted]
...			

Regulated Activity Group 7

16.12.22 R ...

(2) ~~A lead regulated firm and an OPS firm must submit a copy of its annual report and audited accounts within 80 business days from its accounting reference date.~~ [deleted]

16.12.22 R A The applicable *data items* referred to in SUP 16.12.4R are set out according to type of *firm* in the table below:

Description of <i>Data item</i>	<i>Firms' prudential category and applicable data item</i> (note 1)				
	<i>IFPRU</i>	<i>BIPRU firm</i>	<i>Exempt CAD firms subject to IPRU(IN V) Chapter 13</i>	<i>Firms (other than exempt CAD firms) subject to IPRU(IN V) Chapter 13</i>	<i>Firms that are also in one or more of RAGs 1 to 6 and not subject to IPRU(IN V) Chapter 13</i>
Annual report and accounts [deleted]	No standard format [deleted]		No standard format [deleted]	-	-
Annual report and accounts of the mixed-activity holding company (note 10)	No standard format [deleted]				

[deleted]				
...				
Note 3	This applies to a <i>firm</i> that is required to submit <i>data item</i> FSA003 and, at any time <u>time</u> within the 12 <i>months</i> up to its latest <i>accounting reference date</i> ("the relevant period"), was reporting <i>data item</i> FSA004 ("Firm A") or not reporting this item ("Firm B").			
...				

...

16.12.23 R The applicable reporting frequencies for *data items* referred to in SUP
A 16.12.22AR are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	Frequency			
	Unconsolidated <i>BIPRU investment firm</i> and <i>IFPRU investment firm</i>	Solo consolidated <i>BIPRU investment firm</i> and <i>IFPRU investment firm</i>	<i>UK Consolidation Group</i> or <i>defined liquidity group</i>	Annual regulated businesses revenue up to and including £5 million
COREP/FINREP	Refer to <i>EU CRR</i> and applicable technical standards			
<i>Annual reports and accounts</i> [deleted]	Annually [deleted]		Annually [deleted]	Annually [deleted]
<i>Annual accounts of the mixed-activity holding company</i> [deleted]	Annually [deleted]		Annually [deleted]	Annually [deleted]
...				

16.12.24 R The applicable due dates for submission referred to in SUP 16.12.4R are set
A out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.23AR, unless indicated otherwise.

<i>Data Item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
COREP/FINREP	Refer to <i>EU CRR</i> and applicable technical standards					
Annual reports and accounts [deleted]						80 business days [deleted]
Annual report and accounts of the mixed-activity holding company [deleted]						7 months [deleted]
...						

Regulated Activity Group 8

16.12.25 R ...

- (2) ~~A lead regulated firm and an OPS firm must submit a copy of its annual report and audited accounts within 80 business days from its accounting reference date.~~ [deleted]
- (3) ~~A service company must submit a copy of its annual audited financial statements (only if the report was audited as a result of a statutory provision other than under the Act) within 6 months from its accounting reference date.~~ [deleted]

16.12.25 R The applicable *data items* referred to in SUP 16.12.4R are set out according to type of *firm* in the table below:

A

Description of data item	<i>Firms'</i> prudential category and applicable <i>data item</i> (note 1)					
	<i>IFPRU investment firms and BIPRU firms</i>		<i>Firms other than BIPRU firms or IFPRU investment firms</i>			
	<i>IFPRU</i>	<i>BIPRU</i>	<i>IPRU(I NV) Chapter 3</i>	<i>IPRU(I NV) Chapter 5</i>	<i>IPRU(I NV) Chapter 9</i>	<i>IPRU(I NV) Chapter 13</i>
Annual report and accounts [deleted]	No standard format [deleted]					
Annual report and accounts [deleted]	No standard format [deleted]					

of the <i>mixed- activity holding company</i> (note 10) [deleted]						
...						
Note 10	Only applicable to a <i>firm</i> whose ultimate parent is a <i>mixed-activity holding company</i> . [deleted]					
...						

...

- 16.12.26 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.25AR are set out according to the type of *firm* in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>Firms' prudential category</i>					
	<i>IFPRU 730K firm</i>	<i>IFPRU 125K firm</i>	<i>IFPRU 50K firm</i>	<i>BIPRU firm</i>	<i>UK consolidati on group or defined liquidity group</i>	<i>Firms other than BIPRU firms or IFPRU investme nt firm</i>
COREP/FINR EP	Refer to <i>EU CRR</i> and applicable technical standards				Refer to <i>EU CRR</i> and applicable technical standards	
<i>Annual reports and accounts</i> [deleted]	<i>Annuall y</i> [deleted]	<i>Annuall y</i> [deleted]	<i>Annuall y</i> [deleted]	<i>Annuall y</i> [deleted]	-	<i>Annuall y</i> [deleted]
...						

- 16.12.27 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.26R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Mont hly	Quarterl y	Half yearly	Annual
COREP/FINR EP	Refer to <i>EU CRR</i> and applicable technical standards					
<i>Annual accounts</i>	-	-	-	-	-	80 <i>busine</i>

[deleted]						ss days [delete d]
...						
Annual reports and accounts of the mixed- activity holding company [deleted]						7 months [delete d]
...						

...

Insert the following new annex in SUP 16. The text is not underlined.

16 Annex 1AR

FIN-A - Annual Report & Accounts

A

Main Details

- 1 On what basis have the firm's accounts been prepared?

IFRS/UK GAAP/Other

[Upload functionality]

- 2 Has the firm complied with the prohibition in section [40] of the Immigration Act 2014 and any requirements imposed by or under the Immigration Act 2014 (Financial Services) Regulations 2014?

Yes / No / N/A

Insert the following new annex after SUP 16 Annex 1AR. The text is not underlined.

16 Annex 1BG **Guidance notes for the completion of FIN-A**

The form in SUP 16 Annex 1AR should only be completed by *firms* subject to the reporting requirements in SUP 16.7A or who are required to provide attestations of compliance with requirements under the Immigration Act under SUP 16.19.

General Notes

The FIN-A form in SUP 16 Annex 1AR is designed to allow *firms* to upload the *annual report and accounts* documentation required by SUP 16.7A and where applicable to attest to compliance with requirements under the Immigration Act.

Data elements

These are referred to by row first, then by column, so data element 2A will be row 2 and column A.

Main Details

1A **On what basis have the firm's accounts been prepared?**

Firms who are subject to the reporting requirements in SUP 16.7A should select one of 'IFRS', 'UK GAAP' or 'Other'. Once selected, the submitter can upload the *annual report and accounts* using FIN-A.

Firms who are not subject to the reporting requirements in SUP 16.7A should select 'N/A'.

2A **Has the firm complied with the prohibition in section [40] of the Immigration Act 2014 and any requirements imposed by or under the Immigration Act 2014 (Financial Services) Regulations 2014?**

Firms should indicate whether they are in compliance with their obligations under the Immigration Act as at the end of the reporting period by selecting one of 'Yes', 'No' or 'N/A'.

Firms should only select 'N/A' if they are not subject to obligations under the Immigration Act 2014.

The forms in SUP 16 Annex 6R are deleted in their entirety and replaced with the forms below. The text is not underlined.

REP003 - Persistency reporting for life policies and stakeholder pensions

Life Policies

A

B

C

1 Do you wish to report a nil return for life policies?

Section 1 - Regular Premium - Y1

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
2 Endowment Assurance			
3 Whole Life Assurance			
4 Personal Pension Policy			
5 Other Pension Policy			
6 Other Life Assurance			
7 Income Withdrawal			
8 Group Personal Pension			
9 Mortgage Endowment			
Independent Advice			
10 Endowment Assurance			
11 Whole Life Assurance			
12 Personal Pension Policy			
13 Other Pension Policy			
14 Other Life Assurance			
15 Income Withdrawal			
16 Group Personal Pension			
17 Mortgage Endowment			
Direct Offer Advertisement			
18 Endowment Assurance			
19 Whole Life Assurance			
20 Personal Pension Policy			
21 Other Pension Policy			
22 Other Life Assurance			
23 Income Withdrawal			
24 Group Personal Pension			
25 Mortgage Endowment			
Other			
26 Endowment Assurance			
27 Whole Life Assurance			
28 Personal Pension Policy			
29 Other Pension Policy			
30 Other Life Assurance			
31 Income Withdrawal			
32 Group Personal Pension			
33 Mortgage Endowment			

Section 2 - Single Premium - Y1

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
34 Endowment Assurance			
35 Whole Life Assurance			
36 Personal Pension Policy			
37 Other Pension Policy			
38 Other Life Assurance			
39 Income Withdrawal			
40 Group Personal Pension			
41 Mortgage Endowment			
Independent Advice			
42 Endowment Assurance			
43 Whole Life Assurance			
44 Personal Pension Policy			
45 Other Pension Policy			
46 Other Life Assurance			
47 Income Withdrawal			
48 Group Personal Pension			
49 Mortgage Endowment			
Direct Offer Advertisement			
50 Endowment Assurance			
51 Whole Life Assurance			
52 Personal Pension Policy			
53 Other Pension Policy			
54 Other Life Assurance			
55 Income Withdrawal			
56 Group Personal Pension			
57 Mortgage Endowment			
Other			
58 Endowment Assurance			
59 Whole Life Assurance			
60 Personal Pension Policy			
61 Other Pension Policy			
62 Other Life Assurance			
63 Income Withdrawal			
64 Group Personal Pension			
65 Mortgage Endowment			

Section 3 - Regular Premium - Y2

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
66 Endowment Assurance			
67 Whole Life Assurance			
68 Personal Pension Policy			
69 Other Pension Policy			
70 Other Life Assurance			
71 Income Withdrawal			
72 Group Personal Pension			
73 Mortgage Endowment			
Independent Advice			
74 Endowment Assurance			
75 Whole Life Assurance			
76 Personal Pension Policy			
77 Other Pension Policy			
78 Other Life Assurance			
79 Income Withdrawal			
80 Group Personal Pension			
81 Mortgage Endowment			
Direct Offer Advertisement			
82 Endowment Assurance			
83 Whole Life Assurance			
84 Personal Pension Policy			
85 Other Pension Policy			
86 Other Life Assurance			
87 Income Withdrawal			
88 Group Personal Pension			
89 Mortgage Endowment			
Other			
90 Endowment Assurance			
91 Whole Life Assurance			
92 Personal Pension Policy			
93 Other Pension Policy			
94 Other Life Assurance			
95 Income Withdrawal			
96 Group Personal Pension			
97 Mortgage Endowment			

Section 4 - Single Premium - Y2

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
	Restricted Advice		
98 Endowment Assurance			
99 Whole Life Assurance			
100 Personal Pension Policy			
101 Other Pension Policy			
102 Other Life Assurance			
103 Income Withdrawal			
104 Group Personal Pension			
105 Mortgage Endowment			
	Independent Advice		
106 Endowment Assurance			
107 Whole Life Assurance			
108 Personal Pension Policy			
109 Other Pension Policy			
110 Other Life Assurance			
111 Income Withdrawal			
112 Group Personal Pension			
113 Mortgage Endowment			
	Direct Offer Advertisement		
114 Endowment Assurance			
115 Whole Life Assurance			
116 Personal Pension Policy			
117 Other Pension Policy			
118 Other Life Assurance			
119 Income Withdrawal			
120 Group Personal Pension			
121 Mortgage Endowment			
	Other		
122 Endowment Assurance			
123 Whole Life Assurance			
124 Personal Pension Policy			
125 Other Pension Policy			
126 Other Life Assurance			
127 Income Withdrawal			
128 Group Personal Pension			
129 Mortgage Endowment			

Section 5- Regular Premium - Y3

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
130 Endowment Assurance			
131 Whole Life Assurance			
132 Personal Pension Policy			
133 Other Pension Policy			
134 Other Life Assurance			
135 Income Withdrawal			
136 Group Personal Pension			
137 Mortgage Endowment			
Independent Advice			
138 Endowment Assurance			
139 Whole Life Assurance			
140 Personal Pension Policy			
141 Other Pension Policy			
142 Other Life Assurance			
143 Income Withdrawal			
144 Group Personal Pension			
145 Mortgage Endowment			
Direct Offer Advertisement			
146 Endowment Assurance			
147 Whole Life Assurance			
148 Personal Pension Policy			
149 Other Pension Policy			
150 Other Life Assurance			
151 Income Withdrawal			
152 Group Personal Pension			
153 Mortgage Endowment			
Other			
154 Endowment Assurance			
155 Whole Life Assurance			
156 Personal Pension Policy			
157 Other Pension Policy			
158 Other Life Assurance			
159 Income Withdrawal			
160 Group Personal Pension			
161 Mortgage Endowment			

Section 6 - Single Premium - Y3

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
	Restricted Advice		
162 Endowment Assurance			
163 Whole Life Assurance			
164 Personal Pension Policy			
165 Other Pension Policy			
166 Other Life Assurance			
167 Income Withdrawal			
168 Group Personal Pension			
169 Mortgage Endowment			
	Independent Advice		
170 Endowment Assurance			
171 Whole Life Assurance			
172 Personal Pension Policy			
173 Other Pension Policy			
174 Other Life Assurance			
175 Income Withdrawal			
176 Group Personal Pension			
177 Mortgage Endowment			
	Direct Offer Advertisement		
178 Endowment Assurance			
179 Whole Life Assurance			
180 Personal Pension Policy			
181 Other Pension Policy			
182 Other Life Assurance			
183 Income Withdrawal			
184 Group Personal Pension			
185 Mortgage Endowment			
	Other		
186 Endowment Assurance			
187 Whole Life Assurance			
188 Personal Pension Policy			
189 Other Pension Policy			
190 Other Life Assurance			
191 Income Withdrawal			
192 Group Personal Pension			
193 Mortgage Endowment			

Section 7 - Regular Premium - Y4

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
194 Endowment Assurance			
195 Whole Life Assurance			
196 Personal Pension Policy			
197 Other Pension Policy			
198 Other Life Assurance			
199 Income Withdrawal			
200 Group Personal Pension			
201 Mortgage Endowment			
Independent Advice			
202 Endowment Assurance			
203 Whole Life Assurance			
204 Personal Pension Policy			
205 Other Pension Policy			
206 Other Life Assurance			
207 Income Withdrawal			
208 Group Personal Pension			
209 Mortgage Endowment			
Direct Offer Advertisement			
210 Endowment Assurance			
211 Whole Life Assurance			
212 Personal Pension Policy			
213 Other Pension Policy			
214 Other Life Assurance			
215 Income Withdrawal			
216 Group Personal Pension			
217 Mortgage Endowment			
Other			
218 Endowment Assurance			
219 Whole Life Assurance			
220 Personal Pension Policy			
221 Other Pension Policy			
222 Other Life Assurance			
223 Income Withdrawal			
224 Group Personal Pension			
225 Mortgage Endowment			

Section 8 - Single Premium - Y4

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
	Restricted Advice		
226 Endowment Assurance			
227 Whole Life Assurance			
228 Personal Pension Policy			
229 Other Pension Policy			
230 Other Life Assurance			
231 Income Withdrawal			
232 Group Personal Pension			
233 Mortgage Endowment			
	Independent Advice		
234 Endowment Assurance			
235 Whole Life Assurance			
236 Personal Pension Policy			
237 Other Pension Policy			
238 Other Life Assurance			
239 Income Withdrawal			
240 Group Personal Pension			
241 Mortgage Endowment			
	Direct Offer Advertisement		
242 Endowment Assurance			
243 Whole Life Assurance			
244 Personal Pension Policy			
245 Other Pension Policy			
246 Other Life Assurance			
247 Income Withdrawal			
248 Group Personal Pension			
249 Mortgage Endowment			
	Other		
250 Endowment Assurance			
251 Whole Life Assurance			
252 Personal Pension Policy			
253 Other Pension Policy			
254 Other Life Assurance			
255 Income Withdrawal			
256 Group Personal Pension			
257 Mortgage Endowment			

Stakeholder Pensions

258 Do you wish to report a nil return for stakeholder pensions?

Section 9 - Regular Premium - Y1

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
259 Regular premium stakeholder pensions			
260 Substitute regular premium stakeholder pensions			
Independent Advice			
261 Regular premium stakeholder pensions			
262 Substitute regular premium stakeholder pensions			
Direct Offer Advertisement			
263 Regular premium stakeholder pensions			
264 Substitute regular premium stakeholder pensions			
Other			
265 Regular premium stakeholder pensions			
266 Substitute regular premium stakeholder pensions			

Section 10 - Single Premium - Y1

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
267 Single premium stakeholder pensions			
268 Substitute single premium stakeholder pensions			
Independent Advice			
269 Single premium stakeholder pensions			
270 Substitute single premium stakeholder pensions			
Direct Offer Advertisement			
271 Single premium stakeholder pensions			
272 Substitute single premium stakeholder pensions			
Other			
273 Single premium stakeholder pensions			
274 Substitute single premium stakeholder pensions			

Section 11 - Regular Premium - Y2

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
	Restricted Advice		
275 Regular premium stakeholder pensions			
276 Substitute regular premium stakeholder pensions			
	Independent Advice		
277 Regular premium stakeholder pensions			
278 Substitute regular premium stakeholder pensions			
	Direct Offer Advertisement		
279 Regular premium stakeholder pensions			
280 Substitute regular premium stakeholder pensions			
	Other		
281 Regular premium stakeholder pensions			
282 Substitute regular premium stakeholder pensions			

Section 12 - Single Premium - Y2

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
	Restricted Advice		
283 Single premium stakeholder pensions			
284 Substitute single premium stakeholder pensions			
	Independent Advice		
285 Single premium stakeholder pensions			
286 Substitute single premium stakeholder pensions			
	Direct Offer Advertisement		
287 Single premium stakeholder pensions			
288 Substitute single premium stakeholder pensions			
	Other		
289 Single premium stakeholder pensions			
290 Substitute single premium stakeholder pensions			

Section 13 - Regular Premium - Y3

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
291 Regular premium stakeholder pensions			
292 Substitute regular premium stakeholder pensions			
Independent Advice			
293 Regular premium stakeholder pensions			
294 Substitute regular premium stakeholder pensions			
Direct Offer Advertisement			
295 Regular premium stakeholder pensions			
296 Substitute regular premium stakeholder pensions			
Other			
297 Regular premium stakeholder pensions			
298 Substitute regular premium stakeholder pensions			

Section 14 - Single Premium - Y3

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
Restricted Advice			
299 Single premium stakeholder pensions			
300 Substitute single premium stakeholder pensions			
Independent Advice			
301 Single premium stakeholder pensions			
302 Substitute single premium stakeholder pensions			
Direct Offer Advertisement			
303 Single premium stakeholder pensions			
304 Substitute single premium stakeholder pensions			
Other			
305 Single premium stakeholder pensions			
306 Substitute single premium stakeholder pensions			

Section 15 - Regular Premium - Y4

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
	Restricted Advice		
307 Regular premium stakeholder pensions			
308 Substitute regular premium stakeholder pensions			
	Independent Advice		
309 Regular premium stakeholder pensions			
310 Substitute regular premium stakeholder pensions			
	Direct Offer Advertisement		
311 Regular premium stakeholder pensions			
312 Substitute regular premium stakeholder pensions			
	Other		
313 Regular premium stakeholder pensions			
314 Substitute regular premium stakeholder pensions			

Section 16 - Single Premium - Y4

For each of the following products and distribution channels please provide the following details:

	In force at outset	In force at anniversary	Persistency rate
	Restricted Advice		
315 Single premium stakeholder pensions			
316 Substitute single premium stakeholder pensions			
	Independent Advice		
317 Single premium stakeholder pensions			
318 Substitute single premium stakeholder pensions			
	Direct Offer Advertisement		
319 Single premium stakeholder pensions			
320 Substitute single premium stakeholder pensions			
	Other		
321 Single premium stakeholder pensions			
322 Substitute single premium stakeholder pensions			

Insert the following new annex after SUP 16 Annex 6R. The text is not underlined.

16 Annex 6AG Guidance notes for completion of the FCA Persistency Report

The form in SUP 16 Annex 6R should only be completed by *firms* subject to the reporting requirements in SUP 16.8 of the *FCA Handbook*.

General Notes

Firms should refer to SUP 16.8.4R for interpretation of SUP 16.8, SUP 16 Annex 6R and SUP 16 Annex 6AG.

SUP 16.8.5R provides an example calculation of a persistency rate. This rate should be converted to a percentage to one decimal place for the purposes of reporting in SUP 16 Annex 6R.

Example of calculation of persistency rate for life policies that commenced during 2014

	In force at outset (IFAO)	In force at anniversary (IFAA)	Persistency rate ((IFAA/IFAO)*100)
	Single Tie Representative		
Endowment Assurance	100	90	$=(90/100)*100$
Whole Life Assurance	200	160	$=(160/200)*100$
Personal Pension Policy	300	210	$=(210/300)*100$
Other Pension Policy	400	240	$=(240/400)*100$
Other Life Assurance	500	250	$=(250/500)*100$
Income Withdrawal	600	240	$=(240/600)*100$
Group Personal Pension	700	210	$=(210/700)*100$
Mortgage Endowment	800	160	$=(160/800)*100$

Specific guidance

If a persistency report reports on an *income withdrawal*, the *firm* must not include the policy under any other relevant category in the form in SUP 16 Annex 6R.

Under SUP 16.8.16R, a *life policy* must be treated as not in force if *premiums* have not been paid at the relevant date.

Data elements

These are referred to by row first, then by column, so data element 2A will be row 2 and column A.

Life Policies

1A Do you wish to report a nil return for life policies?

Firms should select ‘Yes’ if the *firm* meets the conditions under SUP 16.8.14R(1) and/or (2)

Regular Premium

2A – 33C, 66A – 97C, 130A – 161C, 194A – 225C

For each of the following products and distribution channels please provide the following details:

Firms should provide details of the number of relevant regular premium products in force at outset, in force at anniversary and the calculated persistency rate according to the formula detailed in the earlier example.

Single Premium

34A – 65C, 98A – 129C, 162A – 193C, 226A – 257C

For each of the following products and distribution channels please provide the following details:

Firms should provide details of the number of relevant single premium products in force at outset, in force at anniversary and the calculated persistency rate according to the formula detailed in the earlier example.

Stakeholder Pensions

258A Do you wish to report a nil return for stakeholder pensions?

Firms should select ‘Yes’ if the *firm* meets the conditions under SUP 16.8.14R(2)

Regular Premium

259A – 266C, 275A – 282C, 291A – 298C

For each of the following products and distribution channels please provide the following details:

Firms should provide details of the number of relevant regular premium stakeholder pension products in force at outset, in force

307A – 314C at anniversary and the calculated persistency rate according to the formula detailed in the earlier example.

Single Premium

**267A – 274C,
283A – 290C,
299A – 306C,
315A – 322C** For each of the following products and distribution channels please provide the following details:

Firms should provide details of the number of relevant single premium stakeholder pension products in force at outset, in force at anniversary and the calculated persistency rate according to the formula detailed in the earlier example.

Part 3: Comes into force on [1 January 2015].

16
Annex
21R

REPORTING FIELDS

R This is the annex referred to in SUP 16.11.7R.

1 GENERAL REPORTING FIELDS

The following data reporting fields must be completed, where applicable, for all reportable transactions and submitted in a prescribed format.

Data reporting field	Code (where applicable)	Notes
Reference number of product provider	6 digit number	This field must contain the <i>firm</i> reference number of the <i>firm</i> providing the data report.
Reference number of <i>firm</i> that sold the product	6 digit number	This field must contain the <i>firm</i> reference number (FRN) of the <i>firm</i> which sold the product. For a <i>firm</i> 's own direct sales, enter the <i>firm's</i> own FRN. For sales via an intermediary enter the intermediary's FRN. Where the intermediary is an <i>appointed representative</i> , the FRN of the <i>appointed representative</i> must be reported.
Transaction reference (<i>regulated mortgage contracts, <u>high cost short term loans</u> and <u>home credit loan agreements only</u>)</i>)	Numeric / Alphanumeric	A unique reference for the transaction, internal to the reporting <i>firm</i> , that will enable the <i>firm</i> to provide the <i>FCA</i> with more information concerning the transaction if required, e.g. the account number, application number etc.
...		

2 SPECIFIC REPORTING FIELDS

...

(c) Mortgages

....

Data reporting field	Code (where applicable)	Notes
Sales Data (report for all <i>regulated mortgage contracts</i>)		
Date mortgage account opened	DD/MM/YYYY	Date of mortgage completion or draw-down of the funds.
...		
Type of mortgage	L = <i>lifetime mortgage</i> SA = <i>shared appreciation mortgage</i> SO = <i>shared ownership mortgage</i> BM = <i>business loan</i> BL = <i>bridging loan</i> GM = <i>guarantor mortgage</i> HN = <i>loan to a high net worth customer</i> BR = <i>buy-to-let mortgage (regulated)</i> LO = <i>low start mortgage</i> SB = <i>self-build mortgage</i> SE = <i>secured overdraft</i> VN = <u>contract variation with no affordability assessment</u> NA = <i>not</i>	Use code to indicate mortgage type. Report all relevant codes. Report 'NA' to denote 'not applicable' where codes do not apply. Report a 'guarantor mortgage' where the income of a guarantor has been included in the affordability assessment. Report a 'low start mortgage' where payments are made on an interest-only basis for a set period at the start of the mortgage, but payments contractually revert to a repayment basis after this set period. Report 'VN' for <u>contract variations that result in a new regulated mortgage contract, where no affordability assessment has been undertaken in accordance with MCOB 11.6.</u>

	applicable	
...		

Data reporting field	Code (where applicable)	Notes
Performance Data (report for all <i>regulated mortgage contracts</i>)		
...		
Current balance outstanding	Numeric £	<p>This is the interest bearing balance of the mortgage that is outstanding at the end of the reporting period, represented as a sterling equivalent amount. This amount should include <i>arrears</i>, and fees and charges added to the loan.</p> <p>For repossessions with a <i>sale shortfall</i>, continue to report the amount of the <i>sale shortfall</i> until the mortgage account is closed.</p> <p>For accounts closed during the reporting period, report '0'.</p> <p>Where the loan is split into more than one part, report the total current balance outstanding across all parts.</p>
<u>Date of balance</u>	<u>DD/MM/YYYY</u>	<u>Report date of current balance outstanding.</u>
...		

...

Appendix 5

Immigration regulations

IMMIGRATION REGULATIONS INSTRUMENT 2014

Powers exercised

- A. The Financial Conduct Authority 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 69 (Statements of policy) as applied by regulation 28(1) of The Immigration Act 2014 (Bank Accounts) Regulations 2014 (“the Immigration Regulations”);
 - (b) section 139A (Power of the FCA to give guidance);
 - (c) section 210 (Statements of policy) as applied by regulation 28(2) of the Immigration Regulations; and
 - (d) section 395 (The FCA’s and PRA’s procedures) as applied by regulation 29 of the Regulations;
 - (2) the other guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook; and
 - (3) the power of direction in regulation [9(1)] of the Immigration Regulations.

Commencement

- B. This instrument comes into force on [*date*].

Amendments to the FCA Handbook

- C. 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)
Glossary of definitions	Annex A
Supervision manual (SUP)	Annex B
Decision Procedure and Penalties manual (DEPP)	Annex C

Amendments to material outside the Handbook

- D. The Enforcement Guide (EG) is amended in accordance with Annex D to this instrument.

Notes

- E. In Annex B to this instrument the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Immigration Regulations Instrument 2014.

By order of the Board of the Financial Conduct Authority
[*date*]

Annex A

Amendments to the Glossary of definitions

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

Immigration Regulations the Immigration Act 2014 (Bank Account) Regulations 2014.

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, all the text is new and is not underlined.

After SUP 16.18 insert the following new section.

16.19 Immigration Act compliance reporting

Application

- 16.19.1 D This section applies to a *firm* which is subject to the prohibition on opening a current account for a disqualified person in section 40 of the Immigration Act 2014.

[**Note:** A *firm* is subject to the prohibition in section 40 of the Immigration Act 2014 if it is a “bank” or “building society” for the purposes of section 42 of the Immigration Act 2014.]

Annual compliance reporting

- 16.19.2 D A *firm* must report its compliance with section 40 of the Immigration Act 2014 to the *FCA* annually.

Method for submitting compliance reports

- 16.19.3 D A *firm* must report its compliance in the form specified in *SUP* 16 Annex [1AR] using the appropriate online systems accessible from the *FCA*'s website.

Time period for submitting compliance reports

- 16.19.4 D A *firm* which is subject to *SUP* 16.7A (Annual reports and accounts) must report its compliance at the same time that it submits its *annual reports and accounts* to the *FCA*.
- 16.19.5 D A *firm* which is not subject to *SUP* 16.7A (Annual reports and accounts) must report its compliance within four months after its *accounting reference date*.

Annex C

Amendments to the Decision Procedure and Penalties manual (DEPP)

In this Annex, underlining indicates new text.

2 Annex 1G Warning notices and decision notices under the Act and certain other enactments

...

The Financial Services Act 2012 (Consumer Credit) Order 2013	Description	Handbook reference	Decision maker
...			

<u>The Immigration Act 2014 (Bank Account) Regulations 2014</u>	<u>Description</u>	<u>Handbook reference</u>	<u>Decision maker</u>
<u>Regulation 24 and 25</u>	<u>when the FCA is proposing or deciding to publish a statement (under regulations 14 or 15) or impose a financial penalty (under regulation 16) or impose a restriction on permission (under regulation 17) or suspend or restrict an approval (under regulation 18)*</u>		<u>RDC</u>

...

Sch 3 Fees and other required payments

...

Sch 3.2G

The FCA's power to impose financial penalties is contained in:	
	...

	the <i>CCA Order</i>
	<u>the <i>Immigration Regulations</i></u>

Sch 4 Powers Exercised

...

Sch
4.2G

	The following additional powers and related provisions have been exercised by the <i>FCA</i> to make the statements of policy in <i>DEPP</i> :
	...
	Article 4 (Statement of policy) of the <i>CCA Order</i>
	<u>Regulation 28 (Statements of policy) of the <i>Immigration Regulations</i></u>
	<u>Regulation 29 (Application of Part 26 of the 2000 Act) of the <i>Immigration Regulations</i></u>

Annex D

Amendments to the Enforcement Guide (EG)

In this Annex, all the text is new and is not underlined.

Insert the following new provisions after EG 19.156.

The Immigration Act 2014 (Bank Account) Regulations 2014

- 19.157 The *Immigration Regulations* give the *FCA* investigation and sanctioning powers in relation to the contravention of section 40 of the Immigration Act 2014 (the Immigration Act), as well as the contravention of requirements imposed by, or under, the *Immigration Regulations*.
- 19.158 The *FCA's* approach to taking enforcement action under the *Immigration Regulations* will mirror its general approach to enforcing the *Act*, as set out in *EG* 2. It will seek to exercise its enforcement powers in a manner that is transparent, proportionate and responsive to the issue and consistent with its publicly stated policies. It will also seek to ensure fair treatment when exercising its enforcement powers. Finally, it will aim to change the behaviour of the person who is the subject of its action, to deter future non-compliance by others, to eliminate any financial gain or benefit from non-compliance and, where appropriate, to remedy the harm caused by the non-compliance.
- 19.159 The *Immigration Regulations*, for the most part, mirror the *FCA's* investigative and sanctioning powers under the *Act*. The *FCA* has adopted procedures and policies for the use of those powers that are akin to those it has under the *Act*. Key features of the *FCA's* approach are described below.

Information gathering and investigation powers

- 19.160 The *Immigration Regulations* apply much of Part 11 of the *Act*. The effect of this is to apply the same procedures under the *Act* for appointing investigators and requiring information when investigating contraventions of the relevant provisions of the Immigration Act or the *Immigration Regulations*.
- 19.161 The *FCA* will notify the subject of the investigation that it has appointed investigators to carry out an investigation under the *Immigration Regulations* and the reasons for the appointment, unless notification is likely to result in the investigation being frustrated. In most cases, the *FCA* expects to carry out a scoping visit early on in the enforcement process. The *FCA's* policy in civil investigations under the *Immigration Regulations* is to use powers to compel information, in the same way as it would in the course of an investigation under the *Act*.

Decision making under the Immigration Regulations

- 19.162 The *RDC* is the *FCA's* decision maker for decisions which require *warning notices* or *decision notices* to be given under the *Immigration Regulations*, as set

out in *DEPP 2 Annex 1G*. The *RDC* will make its decisions following the procedure set out in *DEPP 3.2* or, where appropriate, *DEPP 3.3*.

- 19.163 The *Immigration Regulations* do not require the *FCA* to publish procedures to commence criminal prosecutions. However, the *FCA* will normally follow its equivalent decision-making procedures for similar decisions under the *Act*, as set out in *EG 12*.
- 19.164 The *Immigration Regulations* apply sections 393 and 394 of the *Act* to *warning notices* and *decision notices* given under the *Immigration Regulations* and so require the *FCA* to give third party rights and to give access to material.
- 19.165 The *Immigration Regulations* apply the procedural provisions of Part 9 of the *Act*, as modified by the *Immigration Regulations*, in respect of matters that can be referred to the *Tribunal*. Referral to the *Tribunal* in respect of *decision notices* given under regulation [25(1)] of the *Immigration Regulations* are treated as disciplinary referrals for the purpose of section 133 of the *Act*.

Public censures, imposition of penalties and the impositions of suspensions or restrictions under the Immigration Regulations

- 19.166 When determining whether to take action to impose a penalty or to issue a public censure under the *Immigration Regulations*, the *FCA*'s policy includes having regard to the relevant factors in *DEPP 6.2* and *DEPP 6.4*. When determining the level of financial penalty, the *FCA*'s policy includes having regard to the relevant principles and factors in *DEPP 6.5* to *DEPP 6.5B*, *DEPP 6.5D* and *DEPP 6.7*.
- 19.167 As with cases under the *Act*, the *FCA* may settle or mediate appropriate cases involving civil breaches of the *Immigration Regulations* to assist it to exercise its functions. *DEPP 5*, *DEPP 6.7* and *EG 5* set out information on the *FCA*'s settlement process and the settlement discount scheme.
- 19.168 When determining whether to take action to impose a suspension or restriction under the *Immigration Regulations*, the *FCA*'s policy includes having regard to the relevant factors in *DEPP 6A.2* and *6A.4*. When determining the length of the period of suspension or restriction, the *FCA*'s policy includes having regard to the relevant principles and factors in *DEPP 6A.3*
- 19.169 The *FCA* will apply the approach to publicity that is outlined in *EG 6*.

Appendix 6

Employers' liability insurance

**EMPLOYERS' LIABILITY INSURANCE: DISCLOSURE BY INSURERS (NO 6)
INSTRUMENT 2014**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (General rule-making power);
 - (2) section 137T (General supplementary powers); and
 - (3) section 139A (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 [*date*].

Amendments to the FCA Handbook

- D. The Insurance: Conduct of Business sourcebook (ICOBS) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Employers' Liability Insurance: Disclosure by Insurers (No 6) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[*date*]

Annex

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, underlining indicates new text.

8 Claims handling

...

8.4 Employers' Liability Insurance

...

Principal obligation to produce an employers' liability register and supporting documents

8.4.4 R (1) *A firm carrying out contracts of insurance, or a managing agent managing insurance business, including in either case business accepted under reinsurance to close, which includes United Kingdom commercial lines employers' liability insurance, must:*

...

(b) obtain and submit to the *FCA* a written statement, by a *director* of the *firm* responsible for the production of the employers' liability register, that to the best of the *director's* knowledge the *firm* in its production of the register is either:

(i) materially compliant with the requirements of *ICOBS* 8.4.4R(2) and *ICOBS* 8 Annex 1, including (where necessary) how the *firm* has used and continues to use its best endeavours in accordance with *ICOBS* 8 Annex 1 1.1CR; or

...

...

...

...

8.4.5 G ...

(4) The auditor's report need not address the matters set out in *ICOBS* 8 Annex 1 1.1CR.

...

8 Annex 1 Employers' liability register

See *ICOBS* 8.4.4R(1)(a).

Part 1 In relation to information to be included in the employers' liability register			
...			
1.1C	R	<u>A firm is not required to include the employer reference number (ERN) required by 1.1R(1) and (2) if the following conditions are met:</u>	
		(1)	<u>the firm has not been able to obtain that information solely due to failures by parties outside the firm's control; and</u>
		(2)	<u>the firm has used and continues to use its best endeavours to obtain the information, other than refusing to provide cover to an employer solely because it has not provided the information requested.</u>
1.1D	G	(1)	<u>To help to demonstrate that it has used its best endeavours, a firm should consider:</u>
		(a)	<u>appointing an approved person with appropriate seniority within the firm to be responsible for agreeing and signing off the firm's approach to obtaining employee reference numbers;</u>
		(b)	<u>establishing an appropriate framework for collecting employee reference numbers and monitoring of compliance with <i>ICOBS</i> 8.4.4R. The framework should be documented and should include the following matters (this is not an exhaustive list):</u>
		(i)	<u>collection procedures which are subject to regular reviews;</u>
		(ii)	<u>appropriate compliance monitoring, and production and review of management information;</u>
		(iii)	<u>regular meetings between those responsible for operational collection;</u>
		(iv)	<u>escalation of compliance issues on a timely basis; and</u>
		(v)	<u>appropriate use of internal and external communication to promote the importance of ERN compliance;</u>
		(c)	<u>implementing and maintaining appropriate:</u>

			(i)	<u>internal audit measures to ensure employee reference number collection procedures are being followed internally and by the <i>firm</i>'s intermediary partners; and</u>
			(ii)	<u>controls to ensure any issues identified through the audit process are followed up and corrected within appropriate timescales;</u>
			(d)	<u>updating terms of business agreements to cover ERN collection.</u>
		(2)	<u>It is the responsibility of each <i>firm</i> to decide what processes to use to obtain the ERN based on what is appropriate and proportionate for that <i>firm</i>, taking into account the volume of policies, type of business written and the distribution channels used to write that business.</u>	
1.2	R	<i>FORM</i>		
...				

Appendix 7

Collective investment schemes

COLLECTIVE INVESTMENT SCHEMES (CONTENTS OF REPORTS AND ACCOUNTS) INSTRUMENT 2014

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) the following sections of the Act:
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137B (FCA general rules: clients’ money, right to rescind etc.);
 - (c) section 137R (Financial promotion rules);
 - (d) section 137T (General supplementary powers);
 - (e) section 139A (Power of the FCA to give guidance);
 - (f) section 214 (General);
 - (g) section 223 (Management expenses);
 - (h) section 238 (Restrictions on promotion);
 - (i) section 247 (Trust scheme rules);
 - (j) section 261I (Contractual scheme rules);
 - (k) section 261J (Contractual scheme particulars rules); and
 - (l) paragraph 19 (Establishment), 20 (Services) and 20C (Notice of intention to market an AIF) of schedule 3 (EEA Passport Rights);
 - (2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions module of the FCA Handbook; and
 - (3) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228).
- B. The rule-making powers referred to above are specified for the purpose of section 138G (2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the FCA Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Collective Investment Schemes sourcebook (COLL) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Collective Investment Schemes (Contents of Reports and Accounts) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[*date*]

Annex A

Amendments to the Glossary of definitions

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

IMA SORP

the Statement of Recommended Practice for financial statements of *authorised funds* issued by the Investment Management Association ~~in October 2010~~ on 14 May 2014.

Annex B

Amendments to the Collective Investment Schemes sourcebook (COLL)

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

4.5 Reports and accounts

...

Contents of a short report

- 4.5.5 R (1) The short report for an *authorised fund*, or for a *scheme* which is an *umbrella*, its *sub-fund*, must contain for the relevant period:

...

- (c) ~~a performance record consistent with COLL 4.5.10R(1) (Comparative table) so as to enable a *unitholder* to put into context the results of the investment activities of the *scheme* during the period for an annual report, the comparative table in accordance with COLL 4.5.10R(1A)(a) and (b) (Comparative information);~~

...

...

...

Contents of the annual long report

- 4.5.7 R (1) An annual long report on an *authorised fund*, other than a *scheme* which is an *umbrella*, must contain:

...

- (c) ~~the comparative table information~~ in accordance with COLL 4.5.10R (Comparative ~~table~~ information);

...

- (2) An annual long report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:

- (a) for each *sub-fund*:

...

(iii) ~~the comparative table~~ information in accordance with COLL 4.5.10R;

(b) ~~the aggregation of the accounts required by (a)(i) for each sub-fund;~~ [deleted]

...

(4) The *authorised fund manager* of a *scheme* which is an *umbrella* may, in addition to complying with (2), prepare a further annual long report for any one or more individual *sub-funds* of the *scheme*, in which case it must contain:

(a) in relation to the *sub-fund*:

...

(iii) ~~the comparative table~~ information in accordance with COLL 4.5.10R;

...

Contents of the half-yearly long report

4.5.8 R ...

(2) A half-yearly long report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:

...

(b) ~~the aggregation of the accounts in (a)(i) for each sub-fund.~~ [deleted]

...

...

Authorised fund manager's report

4.5.9 R The matters set out in (1) to (13) must be included in any *authorised fund manager's* report, except where otherwise indicated:

...

(7B) in the case of an *umbrella* which has more than one *sub-fund*, particulars in the form of a table showing, as at the end of the period to which the report relates;

(a) for each *sub-fund*, the number of *units* in that *sub-fund* that were held by a second *sub-fund* of that *umbrella*; and

(b) the value of each such holding;

or alternatively, a statement that there were no such holdings as at the end of that period;

...

Comparative ~~table~~ information

4.5.10 R The comparative ~~table~~ information required by *COLL* 4.5.7R(1)(c) (Contents of the annual long report) and *COLL* 8.3.5AR (Contents of the annual report) must be shown in relation to the last three *annual accounting periods* (or all of the *authorised fund's annual accounting periods*, if fewer than three) and must set out:

(1) ~~a performance record over the last five calendar years, or if the authorised fund has not been in existence during the whole of that period, over the whole period in which it has been in existence, showing:~~

(a) ~~the highest and the lowest price of a unit of each class in issue during each of those years; and~~

(b) ~~the net income distributed (or, for accumulation units, allocated) for a unit of each class in issue during each of those years, taking account of any sub-division or consolidation of units that occurred during that period; [deleted]~~

(1A) for a unit of each class in issue:

(a) a comparative table as at the end of the period to which the report relates, prepared in accordance with the requirements of the IMA SORP and showing at least:

(i) the performance record of a unit of that class;

(ii) an indication of the actual charges and costs borne by the class; and

(iii) the highest and the lowest prices of the unit during the period;

(b) the net income distributed (or, for accumulation units, allocated) for the unit, taking account of any sub-division or consolidation of units that occurred during that period;

(c) the net asset value of the unit as at the end of the period; and

(d) (i) (for a report of the directors of an ICVC) the number of units of the class as at the end of the period; or

- (ii) (for a report of the *authorised fund manager* of an *AUT* or an *ACS*) the number of *units* of the *class* that are in existence or treated as in existence as at the end of the period;
- (2) ~~as at the end of each of the last three *annual accounting periods* (or all of the *authorised fund's annual accounting periods*, if less than three):~~
- (a) ~~the total net asset value of the *scheme property* at the end of each of those years;~~
- (b) ~~the net asset value per *unit* of each *class*; and~~
- (c) (i) ~~(for a report of the *directors* of an *ICVC*) the number of *units* of each *class* in issue; or~~
- (ii) ~~(for a report of the *authorised fund manager* of an *AUT* or *ACS*) the number of *units* of each *class* in existence or treated as in existence; and [deleted]~~
- (2A) for the *scheme property*, its total net asset value as at the end of the period; and
- (3) if, in the period covered by the ~~table~~ information:
- (a) ...
- (b) there have been changes in the investment ~~objectives~~ objective and policy of the *authorised fund*;
- (c) an indication, related in the body of the table to the relevant year in the table, of the date of the event or change in the investment ~~objectives~~ objective and policy and a brief description of its nature.
- 4.5.10A G The indication of actual costs and charges borne by a *class* of *units* should cover pro-rata allocations of both the operating charges borne by the *scheme* (e.g. annual management fee, performance-related fee, fees and expenses payable to the *depository*, *auditors*, *FCA*, etc.) and direct transaction-related costs where known to the *AFM* (e.g. dealing commission on equity transactions, stamp duty, costs of buying and selling *units* in an underlying *scheme*). Where possible the operating charges should be presented as a single figure in both pence per *unit* and as a percentage of net asset value.

...

8.3 Investor relations

...

Contents of the annual report

- 8.3.5A R (1) An annual report, other than for a *scheme* which is an *umbrella*, must contain:
- ...
- (ba) the comparative table in accordance with COLL 4.5.10R(1A)(a) and (b) (Comparative information);
- ...
- (2) An annual report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:
- (a) for each *sub-fund*;
- (i) the accounts required by (1)(a); ~~and~~
- (ii) the report of the *authorised fund manager* in accordance with COLL 8.3.5CR; ~~and~~
- (iii) the comparative table in accordance with COLL 4.5.10R(1A)(a) and (b);
- (b) ~~an aggregation of the accounts required by (a); [deleted]~~
- ...
- (3) The *authorised fund manager* of a *scheme* which is an *umbrella* may, in addition to complying with (2), prepare a further annual report for any one or more individual *sub-funds* of the *umbrella*, in which case it must contain:
- (a) for the *sub-fund*;
- (i) the accounts required by (1)(a); ~~and~~
- (ii) the report of the *authorised fund manager* in accordance with COLL 8.3.5CR; ~~and~~
- (iii) the comparative table in accordance with COLL 4.5.10R (1A)(a) and (b);
- ...
- ...
- ...

Authorised fund manager's report

8.3.5C R The report of the *authorised fund manager* must include:

(1) ...

(1A) a portfolio statement prepared in accordance with the requirements of the *IMA SORP*;

(1B) in the case of an *umbrella* which has more than one *sub-fund*, particulars in the form of a table showing, as at the end of the period to which the report relates:

(a) for each *sub-fund*, the number of *units* in that *sub-fund* that were held by a second *sub-fund* of that *umbrella*; and

(b) the value of each such holding;

or alternatively a statement that there were no such holdings as at the end of that period;

...

...

Transitional Provisions

TP 1.1

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provisions: dates in force	(6) Handbook provision: coming into force
...					
29	<u>Amendments to each and every <i>rule</i> in <i>COLL</i> made by the Collective Investment Schemes (Contents of Reports and Accounts) Instrument 2014</u>	R	<u>Except as specified in TP 30, amendments to the <i>rules</i> in <i>COLL</i> referred to in column (2) made by the instrument referred to in that column do not apply to any person where the <i>annual accounting period</i> of an <i>authorised fund</i></u>	<u>[date of commencement of instrument] to 31 December 2015</u>	<u>[date of commencement of instrument]</u>

			<u>commences before 1 January 2015.</u>		
<u>30</u>	<u>COLL 4.5.5R</u> <u>COLL 4.5.7R</u> <u>COLL 4.5.8R</u> <u>COLL 4.5.9R</u> <u>COLL 4.5.10R</u> <u>COLL 8.3.5AR</u> <u>COLL 8.3.5CR</u>	<u>R</u>	<u>Amendments to the rules in COLL referred to in column (2) made by the instrument referred to in that column do not apply to any person in relation to the reports and accounts of an authorised fund that are required to be published before 1 April 2015.</u>	<u>[date of commencement of instrument] to 1 April 2015</u>	<u>[date of commencement of instrument]</u>
<u>31</u>	<u>Amendments to each and every rule in COLL in relation to the IMA SORP made by the Collective Investment Schemes (Contents of Reports and Accounts) Instrument 2014</u>	<u>R</u>	<u>(1) Where the authorised fund manager, ICVC or any other director of an ICVC, of an authorised fund elects for early compliance with the instrument referred to in column (2) in relation to that scheme, COLL applies as if it had been amended by that instrument and either or both TP 29 and TP 30, as appropriate, cease to apply.</u>	<u>[date of commencement of instrument] to 31 December 2015</u>	<u>[date of commencement of instrument]</u>
			<u>(2) An election is irrevocable and does not take effect until the authorised fund manager notifies the depositary and the FCA of the date it takes effect.</u>	<u>[date of commencement of instrument] to 31 December 2015</u>	<u>[date of commencement of instrument]</u>

			<u>(3) The authorised fund manager must make a record of that election and retain it for a period of six years from the date it takes effect.</u>	<u>[date of commencement of instrument] until 6 years from the date the relevant election takes place</u>	<u>[date of commencement of instrument]</u>



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