

Quarterly Consultation

No 17

Consultation Paper

CP17/14*

June 2017

How to respond

We are asking for comments on this Consultation Paper (CP) by 12 July 2017 for Chapters 2 and 3, and 12 August 2017 for Chapter 4.

You can send them to us using the form on our website at: www.fca.org.uk/cp17-14-response-form.

Or in writing to:

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If you are responding in writing to several chapters please send your comments to Emily How in Communications, who will pass your responses on as appropriate

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takes you to helpful abbreviations

1 Overview

Chapter No	Proposed changes to Handbook	Consultation Closing Period
2	Changes to the Training and Competence sourcebook (TC) list of appropriate qualifications.	One month
3	Clarifying the application of the requirement to have a client assets report to loan-based crowdfunding platforms.	One month
4	Changes to regulatory reporting requirements.	Two months



2 Changes to the Training and Competence sourcebook

Introduction

- 2.1** The Training and Competence (TC) sourcebook¹ sets out qualification requirements for individuals carrying on certain retail activities. We consult for one month whenever a new qualification is added, or when other minor changes are made to the list of appropriate qualifications.
- 2.2** In this chapter we propose an update to the Glossary definition for accredited bodies to reflect that the Institute of Financial Planning has now merged with the Chartered Institute of Securities and Investment. Also, we propose the following changes to the Training and Competence sourcebook (TC):
- updates to the list of appropriate qualifications in TC Appendix 4
 - the addition of one new qualification to the appropriate qualifications table in TC Appendix 4
 - correcting an error on the exam standards web-page² following the appropriate exam standards (AES) review
- 2.3** 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 under which they will be made are set out in Appendix 2.

Summary of proposals

New qualifications and amendments to TC Appendix 4

- 2.4** We propose:
- Updating the CFA Institute's Claritas Investment Certificate to reflect its current name: 'The CFA Institute Investment Foundations Certificate'.
 - Adding one new qualification for the following qualification provider:
 - Chartered Institute for Securities and Investment – we propose to add the 'Certificate in Pension Transfers and Planning Advice (when combined with an RDR compliant qualification for Activities 4 and 6') and to list this qualification as being appropriate for TC activity 11 (key 1³).

1 www.handbook.fca.org.uk/handbook

2 www.fca.org.uk/firms/training-competence/examination-standards

3 Where a '1' appears in the fourth column of Part 2: Appropriate Qualification Tables in TC Appendix 4.1, that qualification alone will fully meet the appropriate qualification requirement.

- Deleting a duplicate entry of the 'Certificate in Equity Release', following feedback from the Chartered Insurance Institute, so that only the 'Certificate in Equity Release (Formerly known as Certificate in Financial Planning and Lifetime Mortgages)' appears in the appropriate qualifications table. We propose to list this as appropriate for TC activities 21 and 22 (key 1)⁴ and TC activity 23 (keys 4, 5, 6).⁵
- Updating both the appropriate qualification listing and the accredited bodies Glossary definition for the Institute of Financial Planning to reflect its merger with the Chartered Institute of Securities and Investment on 1 November 2015.
- Correcting an error on the exam standards web-page following the (AES) review. The AES relevant to regulated activities 3 and 13 is ApEx 30 (RDR Specialist Standards Derivatives including Application Standards), and for regulated activities 2 and 12 is ApEx 31 (RDR Specialist Standards Securities including Application Standards). We had erroneously listed these AES as applying to activities 2 and 3 only. This does not involve a change to our policy and we will update the web-page⁶ to correct this error.

2.5 These proposals are intended to help ensure that the relevant markets function well, and to help secure an appropriate level of protection for consumers. In particular, by keeping our TC sourcebook requirements up-to-date, these proposals support consumers by making sure the financial services workforce is appropriately qualified and well regulated.

Q2.1: Do you know of any reason why these additions or amendments relating to TC should not be made?

Cost benefit analysis

2.6 Section 138I of the Financial Services and Markets Act (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.

2.7 These proposals should not incur significant costs for firms as they are primarily intended to keep the list of appropriate qualifications in TC, and the Glossary definition for accredited bodies, up-to-date.

Compatibility statement

2.8 Section 1B of FSMA requires the FCA, when discharging its general functions, as far as is reasonably possible, to act in a way that is compatible with its strategic objective and advances one or more of its operational objectives. The FCA also needs to, so far as is compatible with acting in a way that advances the consumer protection objective or the integrity objective, carry out its general functions in a way that promotes effective competition in the interests of consumers.

⁴ 'meets full qualification requirement'

⁵ 'meets full qualification requirement'

⁶ www.fca.org.uk/firms/training-competence/examination-standards



- 2.9** 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.
- 2.10** In preparing the proposals as set out in this consultation, we have considered 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 and the Glossary definition for accredited bodies has no impact on competition, as this simply increases the number of qualifications available.
- 2.11** In preparing the proposals as set out in this consultation, we have had regard to the recommendations made by the Treasury under s. 1JA FSMA about aspects of the economic policy of Her Majesty's Government in connection with our general duties. It is our opinion that making changes to the appropriate qualifications lists has no impact on the Treasury's recommendations.
- 2.12** The proposed changes are not expected to have a significantly different impact on mutual societies.

Equality and diversity

- 2.13** We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions.
- 2.14** Overall, we do not consider that the proposals adversely impact any of the groups with protected characteristics, i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 2.15** We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules. In the interim we welcome any feedback to this consultation on such matters.

3 Loan-based crowdfunding platforms and the client assets report

Introduction

- 3.1** In this chapter we are proposing rule changes to make clear that the auditor of a firm operating a loan-based crowdfunding platform must submit a client assets report.
- 3.2** This chapter will be of interest to firms operating loan-based crowdfunding platforms and their auditors.
- 3.3** The proposed rule amendments and the statutory powers they will be made under are set out in Appendix 3 of this Consultation Paper.

Summary of proposals

- 3.4** When firms operating loan-based crowdfunding platforms came into the scope of FCA regulation, we published various papers on the requirements for these firms. In these papers we set out our intention for these firms to be subject to our client assets regime, including the Client Assets Sourcebook (CASS) and the requirement to appoint an auditor to prepare and submit a client assets report (SUP 3).⁷ However the latter requirement is not clearly stated in the current rules, so we propose to make Handbook changes to ensure the original policy intention is carried through into the rules.
- 3.5** Subject to consultation feedback, we expect the changes to come into effect one month after publication of the final rules, which will allow affected firms to either continue with their existing audit periods or begin a new audit period at the date the rules come into force.

Q3.1: Do you have any comments on our proposal to clarify the application of the requirement to have a client assets report to loan-based crowdfunding platforms?

⁷ CP13/13 'The FCA's regulatory approach to crowdfunding (and similar activities)' (October 2013), PS14/4 'The FCA's regulatory approach to crowdfunding over the internet, and the promotion by non-readily realisable securities by other media' (March 2014) www.fca.org.uk/publications/consultation-papers/cp13-13-fca%E2%80%99s-regulatory-approach-crowdfunding-and-similar, CP15/8 'Quarterly Consultation Paper No. 8' (March 2015) www.fca.org.uk/publications/consultation-papers/cp15-8-quarterly-consultation-paper-no-8 and Handbook Notice 21 (April 2015) www.fca.org.uk/publication/handbook/handbook-notice-021.pdf



Cost benefit analysis

- 3.6** Section 138I(2)(a) of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) when proposing draft rules. Section 138L(3) of FSMA states that section 138I(2)(a) does not apply if we consider that there will be no increase in costs, or the increase will be of minimal significance.
- 3.7** This policy and proposed rule amendments were covered by the CBA in CP13/13⁸ and CP15/8.⁹ We do not consider firms with interim permission should incur any additional costs given the rules were recently amended for these firms.¹⁰
- 3.8** The benefit of this proposal is that fully authorised firms operating loan-based crowdfunding platforms will be required to obtain and submit a client assets report, ensuring the same level of client assets protection as firms under interim permission. In addition, this will make the intended policy and rules clear to industry participants.

Compatibility statement

- 3.9** Section 138I(2)(d) of FSMA requires us to explain why we believe our proposed rules are compatible with our strategic objective, advance one or more of our operational objectives, and have regard to the regulatory principles in section 3B of FSMA. In addition, section 138K(2) of FSMA requires us to state where the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
- 3.10** Our proposal promotes consumer protection by continuing the same level of protection for all regulated firms operating loan-based crowdfunding platforms and making the rules clear for such firms and their auditors. In preparing the proposal set out in this chapter, we have had regard to the regulatory principles set out in section 3B of FSMA and the importance of taking action intended to minimise financial crime as part of section 1B(5)(b) of FSMA.
- 3.11** We do not believe that the changes described in this chapter will have a different impact on mutual societies compared to other authorised persons.

Equality and diversity

- 3.12** We have considered the equality and diversity issues that may arise from the proposal in this chapter.
- 3.13** Overall, we do not consider that the proposal adversely impacts any of the groups with protected characteristics i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

8 Page 52 of CP13/13 'The FCA's regulatory approach to crowdfunding (and similar activities)' (October 2013) www.fca.org.uk/publications/consultation-papers/cp13-13-fca%E2%80%99s-regulatory-approach-crowdfunding-and-similar

9 Pages 10-11 of CP15/8 'Quarterly Consultation Paper No. 8' (March 2015) www.fca.org.uk/publications/consultation-papers/cp15-8-quarterly-consultation-paper-no-8

10 Handbook Notice 21 (April 2015) www.fca.org.uk/publication/handbook/handbook-notice-021.pdf



- 3.14** We will continue to consider the equality and diversity implications of the proposal during the consultation period, and will revisit them when publishing the final rules.
- 3.15** In the interim we welcome any input to this consultation on such matters.



4 Changes to reporting requirements in the Supervision manual

Introduction

- 4.1** We collect regulatory data to inform and support supervision of firms. Our data reporting requirements are in the FCA Handbook, mainly in the Supervision manual (SUP). We use feedback internally and from firms to clarify and improve these requirements each quarter.
- 4.2** This chapter explains proposed improvements to regulatory reporting returns and supporting guidance. This consultation will be of interest to:
- firms subject to SUP 16.3
 - retail mediation firms
 - PRA designated investment firms
 - pension providers, and
 - firms subject to remuneration reporting
- 4.3** Appendix 4 sets out the proposed Handbook text and details the statutory powers they will be made under.

Summary of proposals

Removing fax as a submission method in SUP 16.3

- 4.4** We wish to remove references to fax as a submission method for regulatory reporting. It is not used by firms and is an inefficient way for the FCA to receive data.

Q4.1: Do you have any comments on our proposal to remove fax as a submission method in SUP 16?

Removal of the PO Box address for data submissions from SUP 16.3

- 4.5** This PO Box is no longer maintained by the FCA and therefore references to it need to be removed from the Handbook.

Q4.2: Do you have any comments on our proposals to remove the PO Box address from our regulatory reporting rules?

Updates to the guidance in SUP 16 Annex 18B and section G of the RMAR form

4.6 We want to improve the guidance in three ways:

- to make clear that 'activity start date' (question 24 column K in Gabriel) should be the date on which the adviser first began to carry on the activity of a *retail investment adviser*, even if this was for another firm,
- to clarify that only advisers who have not attained each module of the appropriate qualification are classed as part qualified for reporting purposes. For these advisers firms must complete the 'activity start date' field (question 24 column K in Gabriel). This field is not required for advisers who have already attained each module of an appropriate qualification, and
- to state that each competent adviser must complete the Statement of Professional Standing (SPS) start date field (question 24 column L in Gabriel). Where the adviser has attained each module of the appropriate qualification but is yet to receive an SPS, this field is not required.

4.7 Due to changes amongst the accredited bodies able to issue an SPS, we will also update the dropdown fields in Gabriel for responses to question 24 column J.

Q4.3: Do you have any comments on our proposal to make changes to the RMA-G form and its associated guidance?

Removal of redundant prudential reporting for PRA Designated Investment Firms (DIFs)

4.8 We propose to remove DIFs from reporting requirements in SUP 16.12. These firms are prudentially regulated by the PRA and they should refer to the reporting requirements in their rulebook. We will introduce a clause stating that DIFs are not subject to FCA prudential reporting requirements and should refer to PRA rules.

Q4.4: Do you have any comments on our proposal to remove DIFs from the FCA's regulatory reporting rules?

Clarifying guidance for Product Sales Data reporting by pension providers

4.9 This change relates to firms reporting a 'group section 32 buy out' in form PSD002 (i.e. if '23' is entered for question 7 in Gabriel). This product involves a number of individuals. We want to make clear that the number reported under 'Total premium amount' (question 3 on Gabriel) should be the aggregate figure. We do not want an average figure to be entered into this field. The guidance will note that other questions in PSD001, that ask for individual details (e.g. question 4 'customer postcode'), can be left blank if reporting a group section 32 buy out.

Q4.5: Do you have any comments on our proposals to clarify our guidance for those firms reporting group buy out transactions on the form PSD002?



Changes to guidance notes for remuneration reporting (form REP005 in Gabriel)

- 4.10** We want to correct an error in our guidance, in SUP 16 Annex 34B, to now state that firms reporting fixed and variable remuneration (questions 11A-18H in Gabriel form REP005) should include deferred remuneration. Currently the guidance states that this should not be included. We also wish to make clear that data for questions 19A-22H should include deferred variable remuneration only and should therefore be a subset of the information included within row 15 'total variable remuneration'.

Q4.6: Do you have any comments on our proposals to alter the guidance for remuneration reporting?

Change to guidance notes for financial crime reporting (form REP-CRIM in Gabriel)

- 4.11** To correct an error in our guidance, in SUP 16 Annex 42B, for firms reporting financial crime data to the FCA (via REP-CRIM in Gabriel). The guidance currently states that firms should complete a nil return if another firm has reported on their behalf (group reporting). This is wrong, Gabriel will show the form on the firm's schedule as 'satisfied for group' automatically if the data has been included on a group return submitted by another firm. Therefore if a group return is completed, all the firms whose FRNs are stated on the data item will be marked as being 'satisfied for group'. Firms do not need to report a nil return as the guidance currently states.

Q4.7: Do you have any comments on our proposal to alter the guidance for financial crime reporting?

Cost benefit analysis

- 4.12** Sections 138I(2)(a) of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis when proposing draft rules. Section 138L(3) of FSMA provides that section 138I(2)(a) does not apply where we consider that there will be no increase in costs or the increases will be of minimal significance. Having assessed the changes proposed in this chapter and having considered previous estimates of similar reporting changes, we believe this exemption applies to the items proposed in this chapter.

Removing fax as a submission method and the PO Box address from our regulatory reporting rules

- 4.13** These changes have no cost implications for firms as we are not aware of any firms using these methods of submission.

Clarification to the RMAR guidance notes contained in SUP 16 Annex 18B and update to the drop down menu options contained in the RMA section G form

- 4.14** This change has no cost implications for firms as it only changes RMAR guidance notes to correct an error and make our reporting requirements clearer. There is also no cost implication for firms in our proposal to alter the drop down menu options on the form RMA-G. The proposed change will simply update the accredited bodies to reflect a name change and merger amongst the accredited bodies.

Removal of the redundant prudential reporting requirements imposed on DIFs by the FCA Handbook

- 4.15** This change has no cost implications for firms. It removes redundant reporting requirements from the FCA Handbook.

Clarifying our guidance in relation to Product Sales Data reporting for pension providers in form PSD002

- 4.16** This change has no cost implications for firms as it only changes the transaction reporting guidance notes for form PSD002 to make our reporting requirements.

Changes to guidance notes for remuneration reporting (form REP005 in Gabriel)

- 4.17** This change has no cost implications for firms as it only changes the remuneration reporting guidance notes for form REP005 to correct an error.

Change to guidance notes for financial crime reporting (form REP-CRIM in Gabriel)

- 4.18** This change has no cost implications for firms as it only changes the financial crime reporting guidance notes for the REP-CRIM form to correct an error.

Q4.8: Do you have any comments about our cost assessments?**Impact on mutual societies**

- 4.19** Section 138K(2) of FSMA requires us to provide an opinion on whether the impact of proposed rules on mutual societies is significantly different to the impact on other authorised persons. The proposed changes do not impact mutual societies.

Compatibility statement

- 4.20** Section 1B of FSMA requires us, 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 to carry out our general functions in a way that promotes effective competition in the interests of consumers.
- 4.21** The proposed changes in this chapter will allow us to collect more accurate firm data and process it more efficiently. In turn, this will allow more effective supervision of firms and will help us to advance our consumer protection objective.
- 4.22** We do not believe that the proposed changes will have an impact on competition. The changes are expected to impose no or minimal costs on firms and do not affect firms' incentives or ability to compete in the market.



Equality and diversity

- 4.23** Overall, we do not believe that the proposals in this chapter adversely impact any of the groups with protected characteristics specified in legislation i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 4.24** We will continue to consider the equality and diversity implications of the proposals during the consultation period, and, if necessary, will revisit them when we publish the final rules.
- 4.25** We welcome any input to this consultation on such matters.

Annex 1

Abbreviations used in this paper

CASS	Client Assets sourcebook
CBA	cost benefit analysis
CONC	Consumer Credit sourcebook
CP	Consultation Paper
EEA	European Economic Area
FSMA	Financial Services and Markets Act 2000
IPRU(INV)	Interim Prudential sourcebook for Investment Businesses
RAG	Regulated Activity Group
RMAR	Retail mediation activity return
SPS	Statement of Professional Standing
SUP	Supervision manual
TC	Training and Competence sourcebook

We have developed the policy in this Consultation Paper in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future.

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response 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 Rights Tribunal.

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Appendix 1

List of questions

- Q2.1:** Do you know of any reason why these additions or amendments relating to TC should not be made?
- Q3.1:** Do you have any comments on our proposal to clarify the application of the requirement to have a client assets report to loan-based crowdfunding platforms?
- Q4.1:** Do you have any comments on our proposal to remove fax as a submission method in SUP 16?
- Q4.2:** Do you have any comments on our proposals to remove the PO Box address from our regulatory reporting rules?
- Q4.3:** Do you have any comments on our proposal to make changes to the RMA-G form and its associated guidance?
- Q4.4:** Do you have any comments on our proposal to remove DIFs from the FCA's regulatory reporting rules?
- Q4.5:** Do you have any comments on our proposals to clarify our guidance for those firms reporting group buy out transactions on the form PSD002?
- Q4.6:** Do you have any comments on our proposals to alter the guidance for remuneration reporting?
- Q4.7:** Do you have any comments on our proposal to alter the guidance for financial crime reporting?
- Q4.8:** Do you have any comments about our cost assessments?



Appendix 2

Changes to the Training and Competence sourcebook

**TRAINING AND COMPETENCE SOURCEBOOK (QUALIFICATIONS
AMENDMENTS No 17) INSTRUMENT 2017**

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 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 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 17) Instrument 2017.

By order of the Board
[*date*]

Annex A**Amendments to the Glossary of definitions**

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

- accredited body* any of the following bodies recognised by the *FCA* for the purpose of providing the independent verification required under *TC 2.1.27R*
- (a) CFA Society of the UK;
 - (b) The Chartered Insurance Institute;
 - (c) The Institute of Financial Planning (accredited body until 31/10/2015);
 - (d) The Chartered Institute for Securities and Investment;
 - (e) The Chartered Institute of Bankers in Scotland;
 - (f) The London Institute of Banking & Finance;
 - (g) The Institute of Chartered Accountants in England and Wales;
 - (h) The Pensions Management Institute.

Annex B

Amendments to the Training and Competence sourcebook (TC)

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

Appendix 4 Appropriate Qualification tables

...

Part 2: Appropriate Qualifications Tables

...

Qualification provider	Qualification	Activity Number(s)	Key
...			
CFA Institute	<u>The CFA Institute Investment Foundations Certificate - (Formerly the Claritas Investment Certificate)</u>	15, 16, 17, 18, 19	4
...			
Chartered Institute of Public Finance and Accountancy	Fellow or Associate	15, 16, 17, 18, 19	4
Chartered Institute for Securities and Investment (CISI) - (Formerly the Securities and Investment Institute (SII); formerly The Securities Association)	<u>Certificate in Pension Transfers and Planning Advice (when combined with an RDR compliant qualification for Activities 4 and 6)</u>	<u>11</u>	<u>1</u>
	Investment Advice Diploma (where candidate holds 3 modules including the private client advice	4 and 6	a

	module)		
...			
Chartered Insurance Institute	...		
	Certificate in Mortgage Advice	20	1
	Certificate in Equity Release (Formerly known as Certificate in Financial Planning and Lifetime Mortgages	21, 22	1
		23	4
			5
			6
	Certificate in Equity Release	22	1
		23	4
		23	5
		23	6
	...		
Institute of Financial Planning (until 1/11/2015)	Certified Financial Planner (syllabus in force until 31/10/2015)	4 and 6	b
	Fellowship (syllabus in force until 31/10/2015)		



Appendix 3

Loan-based crowdfunding platforms and the client assets report

CLIENT ASSETS SUPERVISION (P2P CASS AUDITS) INSTRUMENT 2017

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);
 - (3) section 139A (Power of the FCA to give guidance); and
 - (4) section 340 (Appointment).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

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

Amendments to the 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 Client Assets Supervision (P2P CASS Audits) Instrument 2017.

By order of the Board
[*date*]

Annex

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text.

3 Auditors

3.1 Application

...

3.1.2 R Applicable sections (see SUP 3.1.1R)

...

(1) Category of firm		(2) Sections applicable to the firm	(3) Sections applicable to its auditor
...
(5C)	<u>CASS 7 loan-based crowdfunding firm</u>	<u>SUP 3.1-3.7, SUP 3.11</u>	<u>SUP 3.1, SUP 3.2, SUP 3.8, SUP 3.10</u>
...

...

TP 1 Transitional provisions

...

TP 1.2

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
3A	...	...	...
<u>3AA</u>	<u>SUP 3.10.6R</u>	<u>R</u>	<u>(1) This transitional provision applies where an auditor would have been required to</u>	<u>Indefinitely</u>	<u>[date this instrument comes into force]</u>

			<p>produce a report under <i>SUP 3.10.4R</i> for a <i>CASS 7 loan-based crowdfunding firm</i> as a result of <i>CONC 12.1.4R</i> were it not for the <i>firm</i> obtaining <i>Part 4A permission</i>.</p> <p>(2) The period covered by the first report under <i>SUP 3.10.4R</i> produced after [<i>date this instrument comes into force</i>] must end not more than 53 weeks after either:</p> <p>(a) the period covered by the previous report on such matters;</p> <p>(b) the date the <i>firm's</i> application for <i>Part 4A permission</i> to operate an <i>electronic system in relation to lending</i> is granted; or</p> <p>(c) the date the <i>firm</i> becomes subject to <i>SUP 3.11</i> and its auditor becomes subject to <i>SUP 3.10</i>.</p>		
<u>3AB</u>	<u>SUP 3.10.6R</u>	<u>R</u>	(1) This	<u>Indefinitely</u>	<u>[date this</u>

		<p><u>transitional provision applies where an auditor is required to produce a report under SUP 3.10.4R for a CASS 7 loan-based crowdfunding firm that has not had an interim permission.</u></p> <p><u>(2) The period covered by the first report required under SUP 3.10.4R must end not more than 53 weeks after either:</u></p> <p><u>(a) the period covered by the previous report on such matters provided that period did not end more than 53 weeks before [date this instrument comes into force];</u></p> <p><u>(b) the date the firm's application for Part 4A permission to operate an electronic system in relation to lending is granted; or</u></p> <p><u>(c) the date the firm becomes</u></p>		<p><u>instrument comes into force]</u></p>
--	--	--	--	--

			<u>subject to SUP</u> <u>3.11 and its</u> <u>auditor becomes</u> <u>subject to SUP</u> <u>3.10.</u>		
3B	...	...	...



Appendix 4

Changes to reporting requirements in the Supervision manual

**SUPERVISION MANUAL (REPORTING No [x])
INSTRUMENT 2017**

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 on [*date*].

Amendments to the Handbook

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

Citation

- E. This instrument may be cited as the Supervision Manual (Reporting No [x]) Instrument 2017.

By order of the Board
[*date*]

Annex

Amendments to the Supervision manual (SUP)

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

16 Reporting requirements

...

16.3 General provisions on reporting

...

16.3.9 R Method of submission of reports (see SUP 16.3.8R)

Method of delivery	
1.	<u>Post or hand deliver</u> to the published address of the <i>FCA</i> for postal submission of reports. <u>If hand delivering mark the report for the attention of “Central Reporting” and obtain a dated receipt.</u>
2.	Leaving the report marked for the attention of “Central Reporting” at the published address of the <i>FCA</i> for hand delivery of reports and obtaining a dated receipt. [deleted]
3.	Electronic mail or fax to the published e-mail address or fax number of the <i>FCA</i> ’s Central Reporting team.
4.	Online submission via the appropriate systems accessible from the <i>FCA</i> website.

16.3.10 G (1) The ~~current~~ published address of the *FCA* for postal submission or hand delivery of reports is:

(a)

Central Reporting
The Financial Conduct Authority
PO BOX 35747-25 <u>The North Colonnade</u>
<u>Canary Wharf</u>
London

E14 5HS

if the *firm's* usual supervisory contact at the *FCA* is based in London, or:

(2) ~~The current published address of the *FCA* for hand delivery of reports is:~~

(a) ~~[deleted]~~

Central Reporting
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

if the *firm's* usual supervisory contact at the *FCA* is based in London, or:

(b)

The Financial Conduct Authority
Quayside House
127 Fountainbridge
Edinburgh
EH3 8DJ

if the *firm's* usual supervisory contact at the *FCA* is based in Edinburgh.

(3) ~~The current published email address and fax number for the *FCA's* Central Reporting team is *regulatory.reports@fca.org.uk* and 020 7066 3905. The Please note that the Central Reporting team does not handle general correspondence between *firms* and the *FCA*, and will not respond to queries. Accordingly, *firms* should not make submissions to the Central Reporting team's email address or fax number other than as directed in *SUP* 16.3.8R.~~

...

16.12 Integrated Regulatory Reporting

Application

16.12.1 G The effect of *SUP* 16.1.1R is that this section applies to every *firm* carrying on business set out in column (1) of *SUP* 16.12.4R except:

...

- (5) UK designated investment firms, which must comply with the reporting requirements in the PRA Rulebook.

...

16.12.4 R Table of applicable rules containing *data items*, frequency and submission periods

(1)		(2)	(3)	(4)
RAG number	Regulated Activities	Provisions containing:		
		applicable data items	reporting frequency/ period	due date
...
RAG 3	<ul style="list-style-type: none"> • dealing in investment as principal • dealing in investments as agent • advising on investments (except P2P agreements) (excluding retail investment activities) • arranging (bringing about) deals in investments (excluding retail investment activities) • advising on P2P agreements (when carried on exclusively with or for 	<p><i>SUP</i> 16.12.10R</p> <p><i>SUP</i> 16.12.11R or</p> <p><i>SUP</i> 16.12.11BR for UK <i>designated investment firms</i> except FSA001 and FSA002 on consolidated basis for <i>FINREP firms</i></p>	<p><i>SUP</i> 16.12.10R</p> <p><i>SUP</i> 16.12.12R or</p> <p><i>SUP</i> 16.12.12AR for UK <i>designated investment firms</i></p>	<p><i>SUP</i> 16.12.10R</p> <p><i>SUP</i> 16.12.13R</p>

	professional clients)			
<i>RAG 4</i>	<ul style="list-style-type: none"> • managing investments • establishing, operating or winding up a collective investment scheme • establishing, operating or winding up a stakeholder pension scheme • establishing, operating or winding up a personal pension scheme • managing an <i>AIF</i> • managing a <i>UCITS</i> • <i>operating an electronic system in relation to lending (FCA- authorised persons only)</i> 	<p><i>SUP</i> 16.12.14R</p> <p><i>SUP</i> 16.12.15R or <i>SUP</i> 16.12.15BR for <i>UK</i> <i>designated investment firms</i>, except FSA001 and FSA002 on <i>consolidated basis</i> for <i>FINREP firms</i></p>	<p><i>SUP</i> 16.12.14R</p> <p><i>SUP</i> 16.12.16R or <i>SUP</i> 16.12.16AR for <i>UK</i> <i>designated investment firm</i></p>	<p><i>SUP</i> 16.12.24R</p>
...				
<i>RAG 7</i>	<ul style="list-style-type: none"> • retail investment activities • advising on P2P agreements (except when carried on exclusively with or for professional 	<p><i>SUP</i> 16.12.22AR or <i>SUP</i> 16.12.22CR for <i>UK</i> <i>designated investment firms</i>, except FSA001 and FSA002 on <i>consolidated</i></p>	<p><i>SUP</i> 16.12.23AR and <i>SUP</i> 16.12.23R for <i>UK</i> <i>designated investment firms</i></p>	<p><i>SUP</i> 16.12.24R</p>

	<p>clients)</p> <ul style="list-style-type: none"> • advising on pensions transfers & opt-outs • arranging (bringing about deals) in retail investments 	<p><i>basis for FINREP firms</i></p>		
RAG 8	<ul style="list-style-type: none"> • making arrangements with a view to transactions in investments • operating a multilateral trading facility 	<p><i>SUP 16.12.25AR or SUP 16.12.25CR for UK designated investment firms except FSA001 and FSA002 on consolidated basis for FINREP firm</i></p>	<p><i>SUP 16.12.26R</i></p>	<p><i>SUP 16.12.27R</i></p>
...

...

16 Annex 18B Notes for Completion of the Retail Mediation Activities Return (‘RMAR’)

...

Section G Training and competence

...

Professional Standards Data		
24	...	...
		Adviser Qualification
		Part Qualified, Fully Qualified
		For each <i>retail investment adviser</i> , the <i>firm</i> should indicate whether the adviser is part or fully qualified by selecting “Y” or “N” from the dropdown options menu.

		<p>Accredited Body</p> <p>For each <i>retail investment adviser</i>, the <i>firm</i> should indicate the <i>accredited body</i> from which the adviser has obtained a Statement of Professional Standing (SPS). If no SPS is held, “No SPS” should be selected from the dropdown.</p> <p><u>The <i>firm</i> should in respect of each competent <i>retail investment adviser</i>, indicate the <i>accredited body</i> from which the Statement of Professional Standing (SPS) was obtained. Where the <i>retail investment adviser</i> has attained each module of an appropriate qualification (fully qualified for reporting purposes), but has not yet been assessed as competent to carry on the activities of a <i>retail investment adviser</i>, then “No SPS” should be selected from the dropdown menu.</u></p> <p>Activity Start Date</p> <p>For each <i>retail investment adviser</i>, <u>other than those who have attained each module of an appropriate qualification</u>, the <i>firm</i> should provide the date at which the adviser became part or fully qualified, as applicable <i>employee</i> first began to carry on the activity of a <i>retail investment adviser</i>, even if this was for a different <i>firm</i>.</p> <p>SPS Start Date</p> <p>For each <u>fully qualified competent <i>retail investment adviser</i></u>, please provide the date of issue for the adviser’s their current SPS. If no SPS is held, <u>Where the <i>retail investment adviser</i> has attained each module of an appropriate qualification but has not yet been assessed competent to carry on the activities of a <i>retail investment adviser</i></u>, this field is not required.</p>
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...

16 Annex Products covered by the reporting requirement in SUP 16.11
20G

...

This is the *guidance* referred to in SUP 16.11.6G.

...

In the case of *high-cost short-term credit* and *home credit loan agreements*, a reportable transaction has taken place where the loan monies have been advanced to the *borrower*.

In the case of a group section 32 buy out, the figure reported for the “total premium amount” in form PSD002 should be the aggregate figure of all the individual members’ premiums added together. Firms should not provide an average premium figure. Where form PSD002 requests individual details (e.g. customer postcode) the firm can, only for group section 32 buy out transactions, leave the fields blank.

...

...

16 Annex 34BG Guidance notes for data items in SUP 16 Annex 34AR

...

(8) Specific guidance on data fields

Field		Guidance
...
Business Areas		
...
11A – 18 <u>14H</u>	Fixed <u>Total</u> fixed remunerat ion Variable remunerat ion	Deferred <u>If applicable, deferred fixed and variable remuneration should not be included in these fields. Variable remuneration should not be included in these fields.</u>
<u>15A – 18A</u>	<u>Total</u> <u>variable</u> <u>remunerat</u> <u>ion</u>	<u>Include all variable remuneration including both variable remuneration awards that have been made upfront and variable remuneration awards that are deferred. Fixed remuneration should not be included in these fields.</u>
19A – 22H	<u>Deferred</u> <u>variable</u>	Includes <u>Include deferred variable remuneration only, i.e. this data item should be a subset of the figures</u>

	remuneration	provided in row 15 “total variable <i>remuneration</i> ”.
...		

...

16 Annex 42BG Guidance notes for completion of the Annual Financial Crime Report

...

Data Elements

Group reporting		
1A	...	...
2A	If yes, list the FRNs of all additional <i>firms</i> included in this report.	Where a report is submitted on behalf of a number of <i>firms</i> , the submitting <i>firm</i> should report all of the FRNs of the firms included. <u><i>Firms included in listed in response to this question will need to report a separate nil return for the entity via by another firm within its group, will see the requirement marked ‘satisfied for group’ in the appropriate systems accessible from the FCA website. Firms do not need to report a separate nil return.</i></u>
...		



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