

# **Quarterly Consultation** No 23

**Consultation  
Paper** CP18/39\*\*

December 2018



## How to respond

We are asking for comments on this Consultation Paper (CP) by 6 February 2019, for all three Chapters. You can send them to us using the form on our website at: [www.fca.org.uk/cp18-39-response-form](http://www.fca.org.uk/cp18-39-response-form).

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If you are responding in writing to more than one chapter please send your comments to Colin Shields in the Handbook Editorial team, who will pass your responses on as appropriate.

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# 1 Overview

Chapter	Proposed changes to Handbook	Consultation closing period
2	This Chapter does not propose changes to our Handbook, and instead seeks views from interested stakeholders about whether the codes meet our Codes Recognition Criteria.	2 months
3	This Chapter proposes a number of changes to our Firm Details reporting form in SUP 16.10, to ensure compliance and increase accuracy of firm details reporting.	2 months
4	This Chapter proposes adding the Association of Accounting Technicians (AAT) to the list of bodies whose members can provide a statement of high net worth to individuals in order for certain credit and consumer hire agreements with them to be exempt from regulation.	2 months

## 2 Candidates for FCA Code recognition

### Introduction

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- 2.1** The FCA has established a process and criteria for recognising industry codes for unregulated financial markets and activities.<sup>1</sup> Industry groups that have new or existing codes of conduct which set 'proper standards of market conduct' for regulated firms undertaking unregulated activities within financial markets may apply to the FCA to have their codes formally recognised.
- 2.2** In the consultations in this Chapter, we are seeking views on whether or not we should recognise the following codes which we consider meet our recognition criteria:
- i.** the FX Global Code (August 2018), and
  - ii.** the UK Money Markets Code (April 2017)

### Background

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- 2.3** We have provided in the Handbook<sup>2</sup> that behaviour that is in line with an FCA recognised industry code will tend to indicate a person subject to the Senior Managers and Certification Regime (SM&CR) is meeting their obligation to observe 'proper standards of market conduct' such as Principle 5 (market conduct), and for individuals under the SM&CR regime, COCON 2.1.5. This includes behaviour in relation to unregulated activities. Following a recognised code will be one way, but not the only way, to discharge that obligation, and may be applied proportionately to the activities undertaken.

#### (1) FX Global Code

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- 2.4** The FCA is consulting and seeking views on whether the FX Global Code (August 2018) (the Code)<sup>3</sup> meets our recognition criteria, and on whether we should recognise the Code.
- 2.5** The Code was produced by Central Banks on the Bank of International Settlement's Foreign Exchange Group (FXWG), supported by Market Participants on the Market Participants Group (MPG). The Global Foreign Exchange Committee (GFXC), which was established in May 2017 as a forum to bring together central banks and private sector participants, now maintains the Code.<sup>4</sup>

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1 Recognised industry codes <https://www.fca.org.uk/about/recognised-industry-codes>

2 See the Decision Procedure and Penalties manual (DEPP 6.2.1G(4A)) and Enforcement Guide (EG 2.10A)

3 [www.globalfx.org/docs/fx\\_global.pdf](http://www.globalfx.org/docs/fx_global.pdf)

4 GFXC Website: <https://www.globalfx.org/>



- 2.6** The Code was produced in response to a recommendation in the Fair and Effective Markets Review (FEMR) for a common global set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange (FX) Market. The Code replaced the Non-investment Products (NIPs) Code in the UK.
- 2.7** The Code is intended to promote a robust, fair, liquid, open, and appropriately transparent market in which a diverse set of Market Participants, supported by resilient infrastructure, are able to confidently and effectively transact at competitive prices which reflect available market information, and in a manner that conforms to acceptable standards of behaviour.
- 2.8** The Code is intended to apply to all FX Market Participants that engage in the FX Markets, including sell-side and buy-side entities, non-bank liquidity providers, operators of E-Trading Platforms and other entities providing brokerage, execution and settlement services. It is organised around six leading principles: ethics, governance, execution, information sharing, risk management and compliance, and confirmation and settlement processes. The Code sets out illustrative examples of conduct that the Code aims to foster and reinforce, as well as outlining examples of conduct that should be avoided.
- 2.9** Our analysis of the Code against the recognition criteria is set out in Table 1.
- Q2.1: Do you have any comments on our analysis that the FX Global Code meets the FCA's recognition criteria?**
- Q2.2: Do you think the FX Global Code should be recognised by the FCA?**
- Q2.3: If you do not think the FCA should recognise the FX Global Code please explain why.**

**Table 1: Analysis of FX Global Code against FCA Code Recognition Criteria**

<p>Does this code advance the FCA statutory objectives?</p>	<p><i>The Code sets out best practice to support a fair, transparent and effective market. This supports the FCA's strategic objective of ensuring that the relevant markets function well. The standards also support the FCA's operational objectives for securing an appropriate degree of protection for consumers and for protecting and enhancing the integrity of the UK financial system.</i></p>
<p>Does this code:</p> <ul style="list-style-type: none"> <li>• focus on market activities and issues which are not already covered by binding regulatory rules?</li> <li>• represent an effort to raise standards taking into account the views of all relevant stakeholders during its development?</li> <li>• condone any practice the FCA has previously objected to, or which the FCA would expect not to condone if it became known?</li> </ul> <p>And has it been:</p> <ul style="list-style-type: none"> <li>• subject to public scrutiny that has allowed alternative views to be expressed and taken into consideration, including from firms, public authorities, consumer groups and academics?</li> <li>• made publicly available and free for all parties who wish to use it?</li> </ul>	<p><i>The Code focuses on market activities which are not covered by binding regulatory rules. The Code is designed to compliment rather than replace applicable regulation or laws.</i></p> <p><i>The Code raises existing standards from the previous Non-Investment Products (NIPs) Code, taking into account the views of central banks, buy and sell side participants, infrastructure providers, and relevant market associations.</i></p> <p><i>The Code does not promote or encourage practices which the FCA has previously objected to or would expect not to promote or encourage.</i></p> <p><i>Although there was no formal public consultation, a wide range of participants were included in its development and given the opportunity to comment. The market also had the opportunity to comment on an interim version of the Code. The GFXC periodically requests feedback on specific topics to maintain and update the Code and undertakes regular surveys of market participants.</i></p> <p><i>The Code is free and publicly available on the GFXC website.</i></p>
<p>It is reasonable to state that this code:</p> <ul style="list-style-type: none"> <li>• is a clear, practical and unambiguous articulation of the proper standard of market conduct, covering significant conduct issues that a reader would expect to be covered?</li> <li>• sets standards broadly comparable in substance or intended outcomes to those that exist in other analogous financial markets.</li> <li>• encapsulates what would otherwise be considered good and fair practice among knowledgeable, experienced and reasonable market participants representing their industry and profession.</li> </ul>	<p><i>The Code sets out standards for areas of misconduct identified in the Fair and Effective Markets Review (FEMR) and the FCA's FX Remediation Programme.</i></p> <p><i>The Code has been used as a benchmark by other market codes such as for the money market and the precious metals market.</i></p> <p><i>The Code encapsulates what would be considered as good and fair practice based on the views of experienced and knowledgeable market practitioners from central banks, buy, and sell side participants, infrastructure providers, and relevant market associations.</i></p>

### Cost benefit analysis

**2.10** The FCA is not required to conduct a cost benefit analysis in respect of consultation on the proposals to recognise industry codes of conduct.

### Compatibility statement

**2.11** Section 1B of FSMA requires the FCA, when discharging its general functions, 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, so far as is compatible with acting in a way that advances the consumer protection objective or the integrity objective, to carry out its general functions in a way that promotes effective competition in the interests of consumers.

- 2.12** We consider the proposal to recognise the FX Global Code is compatible with the FCA's strategic objective of ensuring that the relevant markets function well. This is because the Code raises existing standards of conduct within the relevant markets. The FCA's Codes Recognition Criteria provides a framework to formally recognise industry codes covering certain unregulated activities. The purpose of this policy is to encourage take up of conduct standards in unregulated markets that support our statutory objectives. We also consider that our proposals advance the FCA's operational objectives for securing an appropriate degree of protection for consumers, and for protecting and enhancing the integrity of the UK financial system.

### **Equality and diversity**

- 2.13** We do not believe that the proposals 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. We will continue to consider the equality and diversity implications of the proposal during the consultation period. In the interim, we welcome any feedback to this consultation.

## **(2) UK Money Markets Code**

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- 2.14** The FCA is consulting and seeking views on whether the UK Money Markets Code, April 2017 (the Code)<sup>5</sup> meets our recognition criteria, and whether we should recognise the Code.
- 2.15** The Code was drawn up by a sub-group of the Bank of England's Money Markets Committee (MMC), comprising experienced market practitioners from a wide range of banks, and other financial and non-financial institutions. The MMC is responsible for ensuring that the Code remains up to date.
- 2.16** The Code covers market participants in three core unregulated UK money markets:
- 1.** the sterling and foreign currency wholesale unsecured markets
  - 2.** the repo markets, and
  - 3.** securities lending.
- 2.17** The Code addresses issues identified in the Fair and Effective Market Review (FEMR) for a single code of conduct for the UK Money Markets, to help restore trust in financial markets. The code is intended to promote a fair, effective and transparent market in which a diverse set of UK Market Participants, supported by resilient infrastructure, are able to confidently and effectively transact in a manner consistent with the highest standards of behaviour.

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<sup>5</sup> [www.bankofengland.co.uk/-/media/boe/files/markets/money-markets-committee/uk-money-markets-code.pdf](http://www.bankofengland.co.uk/-/media/boe/files/markets/money-markets-committee/uk-money-markets-code.pdf)



**2.18** Our analysis of the Code against the recognition criteria is set out in Table 2.

- Q2.4: Do you have any comments on our analysis that the UK Money Market Code meets the FCA code recognition criteria?**
- Q2.5: Do you think the UK Money Markets Code should be recognised by the FCA?**
- Q2.6: If you do not think the FCA should recognise the UK Money Markets Code please explain why.**

**Table 2: Analysis of UK Money Markets Code against FCA Code Recognition Criteria**

<p>Does this code advance the FCA statutory objectives?</p>	<p><i>The Code sets out best practice and a common set of principles to promote the integrity and effective functioning of the UK Money Markets. This supports the FCA's strategic objective of ensuring that the relevant markets function well. The standards also support the FCA's operational objectives of securing an appropriate degree of protection for consumers and protecting and enhancing the integrity of the UK financial system.</i></p>
<p>Does this code:</p> <ul style="list-style-type: none"> <li>• focus on market activities and issues which are not already covered by binding regulatory rules?</li> <li>• represent an effort to raise standards, taking into account the views of all relevant stakeholders during its development?</li> <li>• condone any practice the FCA has previously objected to, or which the FCA would expect not to condone if it became known?</li> </ul> <p>And has it been:</p> <ul style="list-style-type: none"> <li>• subject to public scrutiny that has allowed alternative views to be expressed and taken into consideration, including from firms, public authorities, consumer groups and academics?</li> <li>• made publicly available and free for all parties who wish to use it?</li> </ul>	<p><i>The Code focuses on market activities and issues which are not covered by binding regulatory rules. The Code is designed to compliment rather than replace applicable regulation or laws.</i></p> <p><i>The Code raises existing standards from the Non-Investment Products (NIPs) Code, Gilt Repo Code, and Securities Borrowing and Lending Code, taking into account the views of a wide range of market participants including banks, building societies, sell side participants, trading houses, brokers, infrastructure providers, custodians and relevant market associations.</i></p> <p><i>The Code does not promote or encourage practices which the FCA has previously objected to or would expect not promote or encourage.</i></p> <p><i>Although there was no formal public consultation on the Code, a wide range of market participants, users, infrastructure providers and trade associations were included in its development and provided comments. The market also had the opportunity to comment on an interim version of the Code. The MMC periodically requests feedback on specific topics to maintain and update the Code and undertakes regular surveys of Market Participants.</i></p> <p><i>The Code is free and publicly available on the Bank of England website.</i></p>



<p>Is it reasonable to state that this code:</p> <ul style="list-style-type: none"> <li>• is a clear, practical and unambiguous articulation of the proper standard of market conduct, covering significant conduct issues that a reader would expect to be covered?</li> <li>• sets standards broadly comparable in substance or intended outcomes to those that exist in other analogous financial markets?</li> <li>• encapsulates what would otherwise be considered good and fair practice among knowledgeable, experienced and reasonable market participants representing their industry and profession?</li> </ul>	<p><i>The Code sets out standards for areas of misconduct identified in the Fair and Effective Markets Review (FEMR). The code clarifies best practice and sets out proper behaviour in unambiguous and clear terms.</i></p> <p><i>The Code encapsulates what would be considered good and fair practice based on the views of experienced and knowledgeable market practitioners from banks, building societies, sell side participants, trading houses, brokers, infrastructure providers, custodians and relevant market associations.</i></p>
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### Cost benefit analysis

**2.19** The FCA is not required to conduct a cost benefit analysis in respect of consultation on the proposals to recognise particular codes.

### Compatibility statement

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

**2.21** We consider the proposal to recognise the UK Money Markets Code is compatible with the FCA's strategic objective of ensuring that the relevant markets function well, because the Code provides clarity and improves on existing standards and conduct within the relevant markets. The FCA's Codes Recognition Criteria provide a framework to formally recognise industry codes covering certain unregulated activities. The purpose of this policy is to encourage take up of conduct standards in unregulated markets that support our statutory objectives. We also consider our proposals advance all three of the FCA's operational objectives.

### Equality and diversity

**2.22** We do not believe that the proposals 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. We will continue to consider the equality and diversity implications of the proposal during the consultation period. In the interim, we welcome any feedback to this consultation.

## 3 Changes to Firm Details reporting requirements in the Supervision manual

### Introduction

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- 3.1** 'Firm Details' are information reported to us by firms so we can:
- ensure firms are presented with the correct regulatory returns
  - communicate with firms
  - populate certain sections of the Financial Services Register ('the Register'), which is an important resource for firms, consumers and other stakeholders, and which receives around 8 million visits each year
  - carry out thematic analysis across sectors and groups of firms, and
  - assess firms' compliance with our Threshold Conditions
- 3.2** Firm Details are, therefore, essential for the effective delivery of a wide range of FCA functions, which advance our statutory objectives and Mission. The rules that underpin our Firm Details reporting regime are found in Chapter 16 of our Supervision manual (SUP 16). The detailed reporting form is found in Annex 3 of Chapter 15 (SUP 15). The term is formally defined in our Glossary, and set out in Annex 16A of SUP 16.
- 3.3** We are aware that we currently hold inaccurate and incomplete Firm Details for a significant number of firms, indicating high levels of non-compliance with our rules. For example, many firms have not provided information about their primary compliance contact, or provided us with relevant contact details. This risks several harms, primarily:
- the FCA not always being able to communicate effectively and efficiently with firms, and
  - firms, consumers and other stakeholders, including other regulators, being misled by inaccurate or outdated information displayed on the Register
- 3.4** We are proposing several changes to improve our Firm Details reporting requirements in SUP 16.10 and in annexes to SUP 15 and 16. These changes include:
- strengthening the current requirement for firms to carry out an annual 'accuracy check', by requiring firms whose Firm Details are accurate to provide us with confirmation of this
  - requiring all firms to submit updated Firm Details to us using one of the FCA's online systems, removing the option currently available to around 20,000 credit unions and firms who only hold credit-related permissions to submit this information by other methods, such as email or post



- reducing the amount of information we ask firms for on our Firm Details report form, including fax numbers (these are the only details we are proposing not to collect in future that currently appear on the Register), and
- making our expectations clearer, including providing additional guidance to help firms comply with our rules

**3.5** We believe our proposed changes will deliver several significant benefits:

- more complete and accurate information on the Register, enabling, for example, users to verify whether a firm is legitimate, and obtain their contact details
- improved compliance from firms, driving improvements in our ability to communicate and supervise effectively, for example by better identifying breaches of our Threshold Conditions, as well as revealing firms that lack adequate capability or controls to comply with regular reporting
- cost savings for firms, made by reducing the amount of information that firms need to check and/or submit, and
- increased operational efficiency for the FCA and firms due to greater automation and better use of technology

## Summary of proposals

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### ***New requirement to provide annual confirmation of 'no change' to Firm Details***

**3.6** Firms are currently required to check their Firm Details annually and submit an update using the reporting form in SUP 15 Annex 3 if any changes are required (SUP 16.10.4R).

**3.7** We propose strengthening the annual check requirement by requiring firms whose Firm Details have not changed to confirm this to us. This would be done following completion of their annual check by ticking a 'no change' box. The tick box would be added to the existing reporting form. It would allow firms – in keeping with existing rules – to check pre-populated data on one of the FCA's online systems, and confirm their Firm Details (and their compliance with the requirement) quickly and easily.

**3.8** The rules for firms whose Firm Details have changed would remain the same. These firms will still need to submit an update using the reporting form once they have completed their annual check.

**3.9** Our proposals do not replace or change the existing requirements in SUP 15.5 for a firm to give reasonable advance notice of changes to its name, address or telephone number, and immediate notice of it becoming – or ceasing to be – subject to the supervision of an overseas regulator. However, we propose that the ways in which firms can provide reasonable advance notice of such changes should be aligned with the proposed changes to our Firm Details regime. This means that credit unions and firms with 'permission to carry on only credit-related regulated activity' would no longer have the option to submit notices under SUP 15.5 manually and would have to do so using an FCA online system.

**Q3.1: Do you agree with our proposal to require an annual confirmation from firms if their Firm Details have not changed?**

***Removing manual submission options for some credit firms***

- 3.10** Currently, credit unions and firms with 'permission to carry on only credit-related regulated activity' have the option to submit updates to their Firm Details to us manually, using email, post or hand delivery. These firms also have the option to submit updates directly to our systems online.
- 3.11** We do not receive many submissions of updated Firm Details by these manual routes. Moreover, we consider that firms who have the option to use them are unlikely to need to use them.
- 3.12** So, we propose to remove the option for these firms to submit Firm Details updates manually and require them to use an FCA online system instead. Without doing this, it would not be possible for all firms to comply quickly and easily with our new requirement to provide an annual confirmation of unchanged Firm Details by simply ticking a box.
- 3.13** Moving all firms' submissions to an FCA online system is also likely to reduce the risk of harm caused by human error when inputting information, or by breach of data security. It will also provide firms with a clear audit trail for the information they have submitted to us, and provide significant operational benefits and cost savings to the FCA.
- 3.14** This proposal would require around 20,000 firms to start submitting updated Firm Details to an FCA online system, moving these firms into line with all other firms. We consider this implication in our cost benefit analysis below, but our general view is that this impact is unlikely to be significant. Taking Connect – the FCA online system used by all other firms for this purpose – as an example, this is because:
- it is free for firms to access, and does not require any additional resources besides access to a computer and an internet connection
  - accounts can be set up by both Senior Management Function and Controlled Function holders, logging in with their Individual Reference Number, and
  - we can also issue a unique identification link and registration key to allow individuals who do not hold the above functions to set up an account – see the Connect section on our website for further information<sup>6</sup>
- 3.15** However, we are also looking at the advantages and disadvantages of alternative FCA online systems that could be used for this purpose. These include Gabriel (which is used for collecting and storing certain other types of regulatory data and which is used by all firms, including those who do not currently use Connect).

**Q3.2: Do you agree with our proposal to require all firms to submit Firm Details returns using an FCA online system?**

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6 [www.fca.org.uk/firms/connect/registration](http://www.fca.org.uk/firms/connect/registration)



**Q3.3: Are there any significant negative impacts of this change for affected firms which have not been identified in our cost benefit analysis? Please support your answer with specific examples and evidence where possible.**

**Q3.4: How do you think we could best support firms to gain access to any FCA online systems that they do not currently use?**

***When firms should carry out their annual Firm Details check***

**3.16** Firm Details cover information firms provided to us when they were authorised. However, firms are currently required to check their Firm Details not on the anniversary of their authorisation (their 'authorisation date'), but on or around their accounting reference date. A firm's accounting reference date may not be the same as its authorisation date.

**3.17** Given the current apparent low levels of compliance with our Firm Details regime, it is possible that, if implemented, our proposal for an annual confirmation could result in a substantial number of updated Firm Details submissions on or around the 12 accounting reference dates each year. We have not been able to quantify this impact because it is currently not possible for us to know if firms are carrying out annual checks (hence our proposal to require confirmation from firms). As such, the number of submissions we do receive may not reflect the extent to which Firm Details change from year to year.

**3.18** If the number of additional submissions generated by our changes is significant, this could put pressure on FCA resources. For example, our systems are already processing large amounts of regulatory data submitted by firms during periods close to accounting reference dates (with January and May being particularly busy as they coincide with the end of most firms' financial years). There will also be queries into our contact centre relating to these submissions.

**3.19** We are not currently proposing to move away from the accounting reference date as the point at which firms must carry out their annual check of their Firm Details. However, we would like to explore the advantages and disadvantages of moving to the authorisation date as a way of better smoothing the demand on our systems across the year.

**3.20** We are, therefore, asking for feedback and evidence on how moving from accounting reference dates to authorisation dates for annual checks of Firm Details would impact firms. For example, we are mindful of increased costs or challenges for firms caused by misalignment with firms' other regulatory returns, such as the need to change supporting processes or systems architecture.

**Q3.5: What would be the impact of changing the point at which firms are required to check their Firm Details from a firm's accounting reference date to its authorisation date?**

**Q3.6: Are there any other dates besides accounting reference dates or authorisation dates that should be considered as the point at which firms are required to carry out their annual check of their Firm Details?**

***Streamlining our Handbook definition of Firm Details and supporting reporting form in SUP 15 Annex 3***

- 3.21** Firm Details are defined in our Handbook by reference to a list of information fields at SUP 16 Annex 16A. The reporting form at SUP 15 Annex 3 reflects this list, but also includes additional reporting fields and requirements.
- 3.22** We do not believe it is necessary or proportionate to require firms to provide all of the information we currently require. We are, therefore, proposing to remove some of the fields from the Firm Details definition and, consequently, the Firm Details reporting form. We believe our proposed changes will have significant benefits for firms by making compliance with our rules less burdensome.
- 3.23** The fields that we are proposing to remove from the Firm Details reporting form are:
- Publication Address
  - CIS UK Facilities Address
  - Customer Services
  - Firm Association Branch
  - Motor Claims Representative, and
  - Third Party Administration
- 3.24** If we proceed with our proposal, firms will no longer be required to submit this information, and will not be able to update any historic information. None of the fields we are proposing to remove appear on the Register.

**Q3.7: Do you agree with our proposed amendments to the Handbook definition of Firm Details and the consequential changes to the Firm Details reporting form?**

***Further improvements to the Firm Details reporting form to provide greater clarity on our expectations***

- 3.25** We are also considering whether we can make it easier for firms to comply with our rules through improvements to the Firm Details reporting form. We particularly think improvements could be made which:
- help firms understand whether a specific reporting field is relevant to them or not, and
  - provide clearer explanations of the types of information that we are seeking to gather – for example, what we mean by 'Primary Compliance Contact' or 'Professional Adviser'
- Q3.8: Do you agree that the Firm Details reporting form should be improved to help firms better understand:**
- **whether certain information fields are applicable to firms considering their specific regulatory status or circumstances, and/or**



- **the types of information we are seeking to collect?**

**Q3.9: Are there any other aspects of the Firm Details reporting form that could be improved?**

**Removal of fax numbers**

**3.26** Finally, we are proposing to remove the fax number field across all areas of the Firm Details reporting form. User testing and communications analysis indicates that fax is no longer a common way to communicate.

**3.27** If we go ahead with this proposal, fax numbers will no longer appear on the Register. This is the only change which will affect the type of information that is currently displayed on the Register, including to consumers, other firms and other regulators.

**Q3.10: Are there any adverse impacts of removing fax numbers from our reporting form and Register, including for any particular groups?**

**Cost benefit analysis**

**3.28** We set out the benefits of our proposed changes in paragraph 3.5. We believe these benefits are likely to be significant, although challenging to quantify in monetary terms. Given the relatively low impact of our proposed changes, we believe it would be disproportionate to attempt such a quantification.

**3.29** The most material cost we have identified would be the cost to firms who currently have the option to use manual routes for the submission of updated Firm Details (see paragraph 3.10). In future, all these firms would have to use at least one of the FCA's online systems.

**3.30** As we explain in paragraph 3.15, we are considering which of our online systems should be used for the submission of Firm Details by firms who currently have the option to submit them manually. Were we to require these firms to use Connect (like all other firms) then we have assumed that none currently have access to Connect and would therefore face the cost of obtaining access. This one-off cost is, however, unlikely to be significant, and would be limited to the time it takes to set up a Connect account. We estimate this to be around 20 minutes (see paragraph 3.14). Were we to require these firms to use a system that they already have access to, such as Gabriel, then these costs would not apply.

**3.31** Further, we anticipate that the one-off cost of obtaining access to Connect, should it be needed, will be more than offset by the ongoing cost-saving benefits to firms from being able to confirm and, where relevant, update a streamlined set of Firm Details within the system in future.

**3.32** We consider that the cost to firms of confirming their Firm Details once they have carried out their annual check will be marginal, as this effectively amounts to ticking a box within the same online system they will use to carry out their annual check.

**Impact on mutual societies**

**3.33** Section 138K of FSMA requires us to state whether, in our opinion, our proposed rules have a significantly different impact on authorised persons who are mutual societies, compared to other authorised persons. We do not believe this will be the case.



**Compatibility statement**

- 3.34** 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.
- 3.35** 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.
- 3.36** 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 would not affect firms' incentives or ability to compete in the market.

**Equality and diversity**

- 3.37** Overall, we do not believe that the proposals in this chapter adversely impact any of the groups with protected characteristics specified in legislation, ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 3.38** We will continue to consider the equality and diversity implications of the proposals during the consultation period, and, if necessary, revisit them when we publish the final rules.
- 3.39** In the interim, we welcome any feedback to this consultation.



## 4 Changes to the Consumer Credit sourcebook - high net worth exemption

- 4.1** Under articles 60H and 60Q of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, certain credit agreements and consumer hire agreements with high net worth individuals are exempt from regulation, subject to certain conditions. One of these conditions is that a statement has been made in relation to the individual's income or assets which complies with FCA rules. The relevant rules are set out in Appendix 1 to our Consumer Credit sourcebook (CONC), and CONC App 1.4.3R specifies that the statement of high net worth must be signed by the lender or owner (subject to App 1.4.4R), or by an accountant who is a member of any of the bodies listed or of a professional body for accountants established in a jurisdiction outside the United Kingdom.
- 4.2** We propose to add the Association of Accounting Technicians (AAT) to this list. The AAT is a member of the International Federation of Accountants. It is recognised by HM Treasury as a suitable professional accountancy body to supervise its members for the purposes of the Money Laundering Regulations 2017, and is regulated in this respect by the Office for Professional Body Anti-Money Laundering Supervision. Its licensed members are recognised for the purpose of signing the Accountants Certificate in support of a client's mortgage application, and are permitted to sign off accounts.
- 4.3** Adding the AAT to the list increases the range of options for individuals seeking a statement of high net worth.

### **Q4.1: Do you have any comments on the proposed amendment to CONC?**

#### **Assessment**

- 4.4** The amendment proposed in this Chapter is minor and we do not consider that it will have any material adverse impact on consumers or firms.

#### **Cost benefit analysis**

- 4.5** Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) unless, in accordance with section 138L, we believe that there will be no increase in costs or that the increase will be of minimal significance. Section 138I also requires us to publish an estimate of costs and benefits unless these cannot be reasonably estimated or it is not reasonably practicable to estimate them.
- 4.6** We are satisfied that the proposed amendment either does not increase costs to firms or consumers, or any increase will be of minimal significance.

#### **Compatibility statement**

- 4.7** When consulting on new rules, we are required by section 138I(2) FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives, and has regard to the regulatory principles in section 3B FSMA. We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.

- 4.8** We are satisfied that the proposed amendment is compatible with our objectives and regulatory principles. The amendment advances our operational objectives of securing an appropriate degree of consumer protection and promoting market integrity, and helps to promote effective competition in the interests of consumers. We are satisfied that any burdens or restrictions are proportionate to the expected benefits.

### **Mutual societies**

---

- 4.9** Section 138K(2) FSMA requires us to prepare a statement setting out our opinion on whether proposed rules will have an impact on mutual societies which is significantly different from the impact on other authorised persons.
- 4.10** We are satisfied that the proposed amendment does not impact on mutual societies to a greater extent than on other authorised firms.

### **Equality and diversity**

---

- 4.11** We have considered the equality and diversity issues that may arise from the proposed amendment. We do not consider that the proposals raise concerns regarding equality and diversity issues or adversely impact any of the groups with protected characteristics under the Equality Act 2010.
- 4.12** However, we will continue to consider potential impacts during the consultation period and will revisit our assessment when publishing a final rule. In the interim, we welcome any feedback to this consultation.



## Annex 1

### List of questions

- Q2.1:** Do you have any comments on our analysis that the FX Global Code meets the FCA's recognition criteria?
- Q2.2:** Do you think the FX Global Code should be recognised by the FCA?
- Q2.3:** If you do not think the FCA should recognise the FX Global Code please explain why.
- Q2.4:** Do you have any comments on our analysis that the UK Money Markets Code meets the FCA recognition criteria?
- Q2.5:** Do you think the UK Money Markets Code should be recognised by the FCA?
- Q2.6:** If you do not think the FCA should recognise the UK Money Markets Code please explain why.
- Q3.1:** Do you agree with our proposal to require an annual confirmation from firms if their Firm Details have not changed?
- Q3.2:** Do you agree with our proposal to require all firms to submit Firm Details returns using an FCA online system?
- Q3.3:** Are there any significant negative impacts of this change for affected firms which have not been identified in our cost benefit analysis? Please support your answer with specific examples and evidence where possible.
- Q3.4:** How do you think we could best support firms to gain access to any FCA online systems that they do not currently use?
- Q3.5:** What would be the impact of changing the point at which firms are required to check their Firm Details from a firm's accounting reference date to its authorisation date?
- Q3.6:** Are there any other dates besides accounting reference dates or authorisation dates that should be considered as the point at which firms are required to carry out their annual check of their Firm Details?
- Q3.7:** Do you agree with our proposed amendments to the Handbook definition of Firm Details and the consequential changes to the Firm Details reporting form?

- Q3.8:** Do you agree that the Firm Details reporting form should be improved to help firms better understand:
- whether certain information fields are applicable to firms considering their specific regulatory status or circumstances, and/or
  - the types of information we are seeking to collect?
- Q3.9:** Are there any other aspects of the Firm Details reporting form that could be improved?
- Q3.10:** Are there any adverse impacts of removing fax numbers from our reporting form and Register, including for any particular groups?
- Q4.1:** Do you have any comments on the proposed amendment to CONC?



## Appendix 1

### Abbreviations used in this paper

<b>AAT</b>	Association of Accounting Technicians
<b>AP</b>	authorised payment institution
<b>CBA</b>	cost benefit analysis
<b>COCON</b>	Code of Conduct sourcebook
<b>CONC</b>	Consumer Credit sourcebook
<b>CP</b>	Consultation Paper
<b>FCA</b>	Financial Conduct Authority
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>Gabriel</b>	GATHERING Better Regulatory Information ELECTRONICALLY
<b>HM Treasury</b>	Her Majesty's Treasury Department
<b>HNW</b>	High net worth
<b>Individual Conduct Rules</b>	The FCA Handbook rules at COCON 2.1
<b>PARs</b>	Payment Account Regulations 2015
<b>PSRs</b>	Payment Services Regulations 2017
<b>RAO</b>	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, SI 2001/544
<b>SUP</b>	Supervision manual

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.

All our publications are available to download from [www.fca.org.uk](http://www.fca.org.uk). If you would like to receive this paper in an alternative format, please call 020 7066 9644 or email: [publications\\_graphics@fca.org.uk](mailto:publications_graphics@fca.org.uk) or write to: Editorial and Digital team, Financial Conduct Authority, 12 Endeavour Square London E20 1JN



## Appendix 2

# Changes to Firm Details reporting requirements



**SUPERVISION MANUAL (REPORTING No [X]) INSTRUMENT 201[9]**

**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 with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Supervision Manual (Reporting No [X]) Instrument 201[9].

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, unless otherwise indicated.

#### 15            Notifications to the FCA

...

#### 15.5        Core information requirements

...

Submitting notifications to the appropriate regulator

#### 15.5.9     R     ...

- (2) *A credit union or an FCA-authorized person with permission to carry on only credit-related regulated activity (other than a firm with only an interim permission to which the modifications to SUP 15 in CONC 12 apply) must submit any notice under SUP 15.5.1R, SUP 15.5.4R, SUP 15.5.5 R and SUP 15.5.7R by submitting the form in SUP 15 Ann 3R ~~in the way set out in SUP 15.7.4R to SUP 15.7.9G (Form and method of notification)~~ using:*

- (a) the appropriate online systems through the FCA's website at [www.fca.org.uk](http://www.fca.org.uk); or
- (b) if the FCA's information technology systems fail and online submission is unavailable for 24 hours or more, by electronic mail to [firm.details@fca.org.uk](mailto:firm.details@fca.org.uk), until such time as facilities for online submission are restored.

...

...

#### 15            Notification to amend firm details form

**Annex  
3R**

...

**Notification to amend firm details**

**To update firm name and trading names, website address, accounting reference date, auditors, locum, contacts and addresses**

SUP 15 Annex 3R – Notifications under SUP 16.10

**Firm name**

**Firm reference number**

**Address**

**Name:**

**FRN:**

~~Please return the form, marked for the attention of the Customer Contact Centre to:~~

~~Financial Conduct Authority  
25 The North Colonnade Canary Wharf  
London E14 5HS  
United Kingdom~~

~~Telephone +44 (0) 7066 1000~~

~~Facsimile +44 (0) 7066 1099~~

~~Registered as a Limited Company in England and Wales No 1920623. Registered Office as above.~~

Firms are required to submit this form via the appropriate online system referred to in SUP 15.5.9R.

# 4

## Change Contact Details

If you wish to change the contact details of the Complaints Officer or Primary Compliance Contact please enter the following details, otherwise please proceed to Section 5.

Please note that this will not change your approved person records. If you want to change these records, please complete the appropriate Approved Persons Form.

**4.1 Please indicate which contact this change applies to. ~~If you wish to change the details for both please copy this form and record the details for each on separate forms, unless the details are the same.~~**

- ~~Complaints Officer~~
- ~~Primary Compliance Contact~~

Title	
Forename(s)	
Surname	
Job title	
Email address	
Phone number. This must be a direct dialled number.	
Fax number	

**4.2 Please enter the date on which the change becomes effective**

<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Address									
Postcode									

**~~If you would also like the contact details of the following to be changed, please tick the appropriate boxes. This will amend the contact details in line with the changes recorded above.~~**

- ~~Complaints Contact~~
- ~~Primary Compliance Contact~~

# 5a

5.1 Please indicate which of the following this change applies to. ~~If you wish to change the details for more than one of the following please copy this form and record the details for each on separate forms, unless the details are the same.~~

- Registered Office
- Principal Place of Business
- Billing Address
- ~~Publication Address~~
- Head Office
- ~~CIS UK Facilities Address~~
- ~~Motor claims representative~~
- UK Branch Address

5.2 Please enter the new address details

Address	
Postcode	
Telephone number	
Fax number	
Email address	

5.3 Please enter the date on which the change becomes effective

		/			/				
--	--	---	--	--	---	--	--	--	--

~~5.4 Contact Address Details~~

- ~~Complaints Address~~
- ~~Principal Compliance Address~~

# 5b

**5.5 Please indicate which of the following this change applies to. If you wish to change the details for more than one of the following please copy this form and record the details for each on separate forms, unless the details are the same:**

- 3<sup>rd</sup> Party Administration
- Actuary
- Customer Services
- EEA Branch Address
- Professional Advisor

**5.6 Please enter the new address details**

Address	
Postcode	
Telephone number	
Fax number	
Email address	

**5.7 Please enter the date on which the change becomes effective**

<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	---	----------------------	----------------------	---	----------------------	----------------------	----------------------	----------------------

...

## Change Auditor Details

# 8

### 8.1 Please enter the following details to change your Auditor's details

Firm name	
Address	
Postcode	
Telephone number	
Fax Number	
Email address	

### 8.2 Effective date

<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------------	----------------------	---	----------------------	----------------------	---	----------------------	----------------------	----------------------	----------------------

## Change Locum Details

# 9

### 9.1 Please enter the following details to change your Locum's details

Title	
Forename(s)	
Surname	
Firm name	
Address	
Postcode	
Telephone number	
<del>Fax Number</del>	
Email address	

### 9.2 Effective date

<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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# 10

## Declaration and signatures

### Warning

Knowingly or recklessly giving the FCA or PRA information, which is false or misleading in a material particular, may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). SUP 15.6.4R requires an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FCA or PRA and to notify the FCA or PRA immediately if materially inaccurate information has been provided. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the FCA or PRA. It should not be assumed that information is known to the FCA or PRA merely because it is in the public domain or has previously been disclosed to the FCA or PRA or another regulatory body. If you are not sure whether a piece of information is relevant, please include it anyway.

### Data Protection

~~For the purposes of complying with the Data Protection Act, the personal information in this form will be used by the Financial Conduct Authority and the Prudential Regulation Authority to discharge their statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation. It will not be disclosed for any other purposes without the permission of the applicant.~~

The FCA processes personal data in line with the requirements of The General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018. For further information about the way we use the personal data collected in this form, please read our privacy notice available on our website: [www.fca.org.uk/privacy](http://www.fca.org.uk/privacy).

### Declaration

By submitting this notification form:

- I/we confirm that the information contained in this form is accurate and complete to the best of my knowledge and belief and that I have taken all reasonable steps to ensure that this is the case.
- I am/we are aware that it is a criminal offence knowingly or recklessly to give the FCA or PRA information that is false or misleading in a material particular.
- I/we confirm that, for those questions that do not require supporting evidence, the records which demonstrate the firm's compliance with the rules in relation to the questions will be available to the FCA or PRA on request.
- I/we will notify the FCA or PRA immediately if there is a significant change to the information given in the form. If I/we fail to do so, this may result in enforcement action.

...

## 16 Reporting requirements

...

### 16.10 Verification of firm details

...

Requirement to check the accuracy of firm details and to report changes to the FCA

...

16.10.4 R (1) ~~A firm other than~~  
A

~~(a) a credit union~~

~~(b) an FCA authorised person with permission to carry on only credit-related regulated activity;~~

~~must submit any corrected firm details under SUP 16.10.4R (3) using the appropriate online systems available from the FCA's website.~~

A firm must submit any corrected firm details under SUP 16.10.4R(3) using the appropriate online systems available from the FCA's website.

~~(2) A credit union or a firm with permission to carry on only credit-related regulated activity must submit any corrected firm details under SUP 16.10.4R (3):~~

~~(a) to firm.details@fca.org.uk or via post or hand delivery to the FCA marked for the attention of the 'Customer Contact Centre'~~

~~(b) by using the appropriate online systems available from the FCA's website [deleted]~~

(3) Where a firm is obliged to submit corrected firm details online under (1), if the FCA's information technology systems fail and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored, a firm must submit its corrected firm details to firm.details@fca.org.uk ~~or via post or hand delivery to the FCA marked for the attention of the 'Customer Contact Centre'.~~

Frequency and timing of reports: reporting to the FCA at least once every twelve months





# Appendix 3

## Changes to the Consumer Credit sourcebook – high net worth exemption

**CONSUMER CREDIT (HIGH NET WORTH EXEMPTION) INSTRUMENT 201[X]**

**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) (as provided for in articles 60H and 60Q of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001); and
  - (2) section 137T (General supplementary powers).
- 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 Consumer Credit sourcebook (CONC) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Consumer Credit (High Net Worth Exemption) Instrument 201[X].

By order of the Board  
[*date*]

## Annex

### Amendments to the Consumer Credit sourcebook (CONC)

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

#### App 1.4 Exemption for high net worth borrowers and hirers and exemption relating to businesses

...

App 1.4.3 R ...

- (2) The bodies referred to in (1)(b) are:
- (a) the Institute of Chartered Accountants in England and Wales;
  - (b) the Institute of Chartered Accountants of Scotland;
  - (c) the Institute of Chartered Accounts in Ireland;
  - (d) the Association of Chartered Certified Accountants;
  - (e) the Chartered Institute of Management Accountants;
  - (f) the Chartered Institute of Public Finance and Accountancy;
  - (fa) the Association of International Accountants; ~~and~~
  - (fb) the Association of Accounting Technicians; and
  - (g) a professional body for accountants established in a jurisdiction outside the United Kingdom.

...

