

Quarterly Consultation

CP26/17

No 52

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How to respond

The Financial Conduct Authority invites comments on this consultation paper. Comments should reach us by 13 July for Chapters 2 to 7.

Comments may be sent by electronic submission using the form on the [FCA's website](#).

Alternatively, please send comments in writing to:

Chapter 2: Harry Mesnard, Sustainable Finance Policy

Chapter 3: David Cheesman, Joe Hodgson and Ed Dunn, Fees and Redress Policy

Chapter 4: Alexander Pitman, Prudential Policy

Chapter 5: David Burrows, Funds and Asset Management Policy

Chapter 6: Marc Green, Consumer Investments Distribution Policy

Chapter 7: Imran Qureshi, Reporting Policy

If you are responding in writing to several chapters please send your comments to Lisa Ocerro in the Handbook Team, who will pass your responses on as appropriate.

All responses should be sent to:
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Chapter 1

Overview

Chapter No	Proposed changes to Handbook	Consultation Closing Period
2	Following a post-implementation review of our climate disclosure rules for asset managers, life insurers and FCA-regulated pension providers, we are proposing to make changes to the product-level disclosure requirements in ESG, with consequential amendments in other areas of the Handbook. This aims to simplify the rules while maintaining our original policy intention, as set out in Policy Statement (PS) PS21/24 .	5 weeks
3	To amend FEES 4 Annexes 1A, 2A, 11A and 13 to set regulated income as the tariff base for Cryptoasset firms. To insert 3 additional rows to FEES 5 Annex 1R to account for new regulated cryptoasset activities.	5 weeks
4	HM Treasury (HMT) published an approach to revoking provisions of the UK Capital Requirements Regulation (UK CRR) following the Financial Services and Markets Act 2023 (FSMA 2023). These proposals deal with consequential amendments to references to the definitions and provisions of the UK CRR in the FCA Handbook and Glossary of definitions.	5 weeks
5	To allow certain authorised funds to hold cryptoasset exchange traded notes (cETNs) to a limit of 10% of scheme property.	5 weeks
6	To delete the requirement for approvers of qualifying cryptoasset financial promotions to submit notifications following certain approvals, as the data shows that most of these promotions are compliant with our rules.	5 weeks
7	To simplify the scheduling rule for Section M of the Retail Mediation Activities Return (RMA-M) and to update guidance to complete FIN073.	5 weeks

Chapter 2

Simplifying climate disclosure requirements for investment products

Introduction

- 2.1** In 2021, we introduced climate disclosure rules for asset managers, life insurers and FCA-regulated pension providers (see Policy Statement (PS) [PS21/24](#)). The rules are based on the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and require firms to publish annual:
- **entity-level reports**, which set out how the firm takes climate risks and opportunities into account when managing or administering investments.
 - **product-level reports**, which include a set of carbon metrics and climate scenario analysis. For products where public disclosures are not appropriate, firms produce this information on demand.
- 2.2** We aim to deliver 3 outcomes through these rules:
1. more informed investment decision-making by retail and institutional investors
 2. deeper consideration of climate risks and opportunities by in-scope firms
 3. coordinated flow of climate information along the investment chain
- 2.3** We said we would review how the rules are working after 3 years of disclosures. We did this review in 2025 and published a [summary](#) of what we found. We then carried out further stakeholder engagement, including with our statutory panels.
- 2.4** Firms reported low investor engagement with their TCFD product reports, particularly from retail investors. Consumer groups told us that their research suggests retail investors consider the TCFD product reports too long and complicated to understand. Nevertheless, consumer representatives thought retail investors are generally interested in knowing how climate change could impact their investments.
- 2.5** We heard from institutional investors, such as pension trustees, that they need some data within the TCFD product reports for their own climate reporting. However, they typically obtain it by engaging directly with firms rather than the public reports as this better meets their specific information needs. Firms told us that they are willing to provide their institutional clients with this information when asked, given commercial incentives.
- 2.6** Firms thought that TCFD reporting has generally been helpful for raising awareness of climate risks in the market. However, they don't consider product-level TCFD reporting to be a useful climate risk management tool as they have their own ways of identifying and monitoring climate risks. More broadly, firms encouraged us to consider international competitiveness given the cost of producing the reports and

that investment products domiciled in other jurisdictions are not subject to these requirements.

- 2.7** In line with these findings, we are proposing to simplify our product-level climate disclosure rules to reduce undue burden on firms while still meeting our intended policy outcomes. This is in line with our wider work to streamline rules and reduce complexity for firms following the introduction of the Consumer Duty. We will continue to explore streamlining our entity-level disclosure rules but they are not included within these proposals.

Summary of proposals

- 2.8** We are proposing to remove TCFD product reporting requirements.
- 2.9** In their place we propose to introduce fewer, more targeted, and more outcomes-based rules, while maintaining the same overall scope. This aims to ensure that retail and institutional investors get the right information based on their specific needs, while giving firms more flexibility in how they communicate with them.

Communicating with retail clients

- 2.10** We want retail investors to be able to make more informed investment decisions through greater transparency on financially material climate risks and opportunities. We are therefore proposing to introduce ESG 2.3.1BR. This rule would require firms to:
- consider periodically whether climate risks and/or opportunities could be materially relevant to the financial performance or return of the product; and
 - disclose such risks and/or opportunities in communications that are intended for retail clients and that provide general information on risk and financial returns.
- 2.11** ESG 2.3.1AR sets out the products in scope of this requirement, which remains unchanged from the products in scope of public TCFD product reporting.
- 2.12** We are aware that firms typically have well-established processes for identifying and monitoring financial risks. On that basis, we do not expect firms will need to implement new systems or carry out an exceptional process to meet ESG 2.3.1BR(1). We therefore propose to clarify through ESG 2.3.1CG(1) that firms may, but are not required to, carry out this requirement as part of their usual risk assessment procedures.
- 2.13** Many of the products in scope of these rules will also be in scope of our Consumer Composite Investment (CCI) regime, which we finalised in December 2025. Under CCI rules (DISC 5.1.4R), firms are required to identify and prominently disclose any material risks which are relevant to the consumer composite investment. This information is part of the 'risk and return information' which makes up the 'core information disclosures' to be included within the 'product summary'. Through ESG 2.3.1CG(2), we clarify that, where a product is in scope of both regimes, firms could disclose materially relevant climate risks and/or opportunities as part of the risk and return information within a product summary.

2.14 For the avoidance of doubt, we do not expect firms to disclose climate information for every product, including within the product summary. ESG 2.3.1BR only requires disclosure if the firm determines climate risks and/or opportunities to be materially relevant to the financial performance or returns of the product. In disclosing information to retail investors, we remind firms of their obligations under the consumer understanding outcome of the Consumer Duty.

2.15 Not all products in scope of our climate disclosure rules will be required to produce a product summary, such as pension products. In line with ESG 2.3.1BR(2), firms have flexibility to include climate information in other communications to retail investors that include general information on risk and financial returns. We have not prescribed when firms should disclose material climate information as it will be determined by the publication timescales of the relevant communication.

Question 2.1: Do you agree with replacing public TCFD product reports with a more flexible approach tailored to the needs of retail investors? If not, please explain why and what alternative approach you would suggest.

Question 2.2: Do you foresee any practical or operational challenges with the proposed approach? If so, please specify which aspect and explain why.

Communicating with institutional clients

2.16 We want to support coordinated information flow along the investment chain. Where institutional investors (such as pension trustees) are subject to their own climate disclosure obligations, we want to ensure they continue to have a regulatory basis on which to obtain the climate information they need to fulfil those obligations.

2.17 We are therefore proposing to adapt ESG 2.3.5R and ESG 2.3.6R so that:

- firms are required to provide, at a minimum, data on scope 1, 2 and 3 greenhouse gas (GHG) emissions when requested by clients that require such information to satisfy their climate disclosure obligations; and
- clients are only eligible, under our rules, to request this information once per calendar year, per product. This is in line with how frequently firms are required to report scope 1, 2 and 3 GHG emissions data under our current rules.

2.18 ESG 2.3.4AR sets out the products we propose to be in scope of this requirement. We are proposing that all products in scope of current public and on-demand TCFD product reporting requirements are in scope. This is because institutional clients need information across a range of products and will no longer have access to this information from public TCFD product reports.

2.19 We are proposing to reduce the metrics required under ESG 2.3.5R to scope 1, 2 and 3 GHG emissions (at a minimum) from the wider set of information currently included in TCFD product reports. We consider that scope 1, 2 and 3 GHG emissions data allow

clients to calculate other climate metrics as needed under their own climate disclosure obligations. Nevertheless, we propose to retain ESG 2.3.8G (as guidance, rather than a rule) which encourages firms to provide other metrics if reasonably required by the client for their climate reporting (subject to feasibility and contractual arrangements). We recognise that these changes may mean less information is available in the market, however, based on market feedback we consider the proposed regime will continue to meet the needs of institutional clients while being proportionate for firms.

2.20 ESG 2.3.7AG sets out the expectation that firms should provide information in a timely manner and in a format that meets clients' needs. ESG 2.3.8AG clarifies that firms should not disclose information to clients where there are data gaps or methodological challenges that cannot be addressed through the use of proxies or assumptions without the resulting information being misleading. These provisions are maintained from current rules in ESG 2.1 that apply to TCFD product reporting but we are changing them to guidance given our proposed changes to the on-demand regime.

Question 2.3: Do you agree that all products in scope of the current TCFD product reporting rules should be subject to the proposed rules for communicating with institutional clients? If not, please explain why and what alternative approach you would suggest.

Question 2.4: Do you agree with reducing the metrics to scope 1, 2 and 3 GHG emissions data (at a minimum) and the supporting guidance? If not, please explain which aspect you disagree with, why, and what alternative approach you would suggest.

Consequential amendments

2.21 We are proposing to make consequential amendments to other areas of the FCA Handbook as a result of the proposed changes. These generally aim to reduce interlinkages and simplify our disclosure requirements.

Environmental, Social and Governance (ESG) sourcebook

- **Glossary:** We propose to remove 7 definitions related to TCFD product reporting to reflect the proposals. For example, we no longer define a 'TCFD product' and instead include the products in scope within the rules.
- **ESG 1 (Purpose and application):** We propose making minor changes to the guidance provisions in ESG 1.1.2G to ESG 1.1.5G to reflect the proposals including, for example, amending references from 'TCFD-related' to 'climate-related' reporting. We have added 'A firm providing portfolio management' to the table at ESG 1.2.4G(2) to clarify how the rules in Chapters 1 to 4 apply to them.
- **ESG 2.1 (Preparation of climate-related reports):** We propose to delete product-level TCFD reporting from, and make other consequential amendments to, ESG 2.1.1R to ESG 2.1.15R to reflect that these provisions will apply only to TCFD entity reporting. As such, we have amended the name of ESG 2.1 to 'Preparation of TCFD

entity reports'. We are updating ESG 2.1.10R to reflect that we're proposing to remove ESG 2.3.11R which mandates climate scenario analysis at product level.

- **ESG 2.2 (TCFD entity report):** We propose to remove references to product-level TCFD reporting from ESG 2.2.1R so that the provision will apply only to entity reporting.
- **ESG 5 (Disclosure of sustainability-related information):** We propose deleting ESG 5.4.4R to remove the requirement to include TCFD product reports (or a hyperlink to them) in product-level sustainability reports. We also propose to amend ESG 5.5.5R so that, rather than cross-referencing to ESG 2.3.1R, and ESG 2.3.3R to ESG 2.3.4R (which we are proposing to delete), those requirements will now be situated in ESG 5.5. This means that those provisions will continue to apply in relation to Part B of a public product-level sustainability report. Through this change, we have updated the content of ESG 2.3.1R (now ESG 5.5.5R(1)) to remove the communications that are not relevant to products in scope of the Sustainability Disclosure Requirements (SDR). We have also removed the reporting deadline, which is no longer applicable to SDR given the flexibilities we introduced in [Handbook Notice 136](#).
- **TP1 (Transitional provisions):** We have removed references to product-level TCFD reporting in TP1.3 and TP1.5 which are no longer applicable.

Collective Investment Schemes (COLL) sourcebook

2.22 We propose to remove the requirements to include TCFD product reports (or a hyperlink to them) within:

- **COLL 4:** An annual long report and half-yearly long report for an authorised fund (COLL 4.5.7R and COLL 4.5.8R).
- **COLL 8:** An annual report and half-yearly report for a Qualified Investor Scheme (QIS) (COLL 8.3.5AR and COLL 8.3.5BR).
- **COLL 15:** An annual report and half-yearly report for a Long-Term Asset Fund (LTAF) (COLL 15.5.3R and COLL 15.5.5R).

Question 2.5: Do you agree with the proposed consequential amendments? If not, please specify which amendments you disagree with, why, and what alternative approach you would suggest.

Rule Review Framework

2.23 We are proposing to amend these rules as a result of our ongoing work to assess whether our policy interventions are having the intended effect. We will continue to monitor the outcomes of our climate disclosure rules for asset managers, life insurers and FCA-regulated pension providers in line with our Rule Review Framework (for example, by assessing any evidence gathered through stakeholder feedback and desk-based research).

Cost benefit analysis

- 2.24** Section 138L of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) unless we consider that there will be no increase in costs from the proposed amendments or that the increase will be of minimal significance. We are satisfied that any increase in costs from the proposed amendments will be of minimal significance as we do not consider that our simplified rules impose any new obligations on firms. As such, we have not conducted a formal CBA.
- 2.25** Rather, we estimate that removing TCFD product reporting requirements will reduce costs for 261 asset managers and approximately 34 asset owners (life insurers and FCA-regulated pension providers) that manage around 9,000 products.
- 2.26** We estimate that the proposed changes will lead to ongoing savings for industry of approximately **£20m per year** driven by the removal of TCFD product reporting. Discounting these savings over a 10-year appraisal period using the standard 3.5% discount rate gives a present value of approximately £174m.
- 2.27** To estimate annual ongoing savings for industry, we collected data from firms on the baseline costs of TCFD product reporting and applied an assumed savings rate.
- 2.28** We used cost data from 11 firms to calculate average baseline costs per TCFD product report, which we then applied across the estimated population of in-scope products. Where data on in-scope products was missing, we used the average number of products per firm observed in firms where data was available. We estimated savings rates based on qualitative feedback from firms and the cost breakdown set out in Consultation Paper (CP) CP21/17. These rates reflect the proportion of product-level reporting activity that would be removed under the proposed changes.
- 2.29** Of their current product-level reporting costs, we estimate that:
- **asset managers** will save approximately 74% (while continuing to incur costs for third-party climate data subscriptions related to scope 1, 2 and 3 emissions data).
 - **asset owners** will save approximately 81% (while continuing to incur costs of coordinating the sourcing of scope 1, 2 and 3 data either from external asset managers or at group level).
- 2.30** In these calculations, we assumed that:
- products currently subject to on-demand TCFD product reporting rules yield the same cost savings as those subject to public TCFD product reporting rules as the underlying metrics and analysis is the same for both
 - asset managers' subscription costs for third-party data services remain the same despite the reduction in metrics required to report under our proposed rules
 - the asset owner population has remained broadly the same as when we introduced our TCFD-aligned disclosure rules in 2021

Impact on mutual societies

- 2.31** Under FSMA, the FCA is required to provide an opinion on whether the impact of proposed rules on mutual societies is significantly different to the impact on other authorised persons. We are satisfied that the proposed changes in this chapter do not have a significantly different impact on mutual societies compared with other authorised persons.

Compatibility statement

- 2.32** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective and advances one or more of our operational objectives, as well as our secondary international competitiveness and growth objective. We must have regard to the regulatory principles in section 3B of FSMA and to the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We must also have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 2.33** We are satisfied that the proposed amendments are compatible with our statutory objectives and regulatory principles. The amendments aim to help consumers receive information that helps them make well-informed decisions, protecting them from the risk of buying unsuitable products. This advances our operational objective of securing an appropriate degree of consumer protection. Our proposals seek to deliver this outcome in a more proportionate way, so we are satisfied that the costs are proportionate to the expected benefits.
- 2.34** We are satisfied that the proposed amendments are compatible with our secondary international competitiveness and growth objective. We estimate they will reduce costs for UK asset managers, life insurers and FCA-regulated pension providers. This will improve the efficiency of our regulation in delivering our intended outcomes and free up resources which may, in turn, be invested into the wider economy. Removing reporting requirements that are not imposed in other jurisdictions may also reduce relative costs associated with UK-based products, supporting UK competitiveness internationally.
- 2.35** We have considered the extent to which these changes are relevant to the Secretary of State's compliance with the UK net zero emissions target and environmental targets, as required under section 3B(1)(c) of FSMA. We do not consider the proposals to have a material impact on achieving compliance with the UK's net zero carbon emissions. Our rules aim to give investors the climate information they need to make well-informed decisions. This could, in turn, lead to positive impacts subject to their preferences and behaviour.
- 2.36** Simplifying climate disclosure rules for investment products should also contribute to delivering a world-leading sustainable finance regulatory framework, to which we must demonstrate regard under the Chancellor's remit letter.

Equality and diversity

- 2.37** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment).
- 2.38** 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 meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 3

Annual fees and levies for cryptoasset firms

Introduction

- 3.1** This chapter sets out our proposals for charging annual FCA fees and Financial Ombudsman Service levies from firms undertaking authorised cryptoasset activities.
- 3.2** In February 2026, the Government legislated to bring certain cryptoasset activities into our regulatory remit under the Financial Services and Markets Act 2000 (FSMA) (see the [Statutory Instrument](#) for details).
- 3.3** Firms can apply for authorisation from 30 September 2026, with the new regime coming into force on 25 October 2027. Although we will not charge annual fees and levies until 2028/29, firms seeking authorisation must provide estimates of the data required for fees and levy purposes so we can calculate first-year rates. Accordingly, we are consulting on our data definitions now. The Financial Ombudsman will continue to charge case fees, meaning that most of its costs should still be recovered. The rules are set out in Appendix 2.

Summary of proposals

FCA fees

- 3.4** We published Consultation Papers (CPs) in November 2025 ([CP25/33](#)) and March 2026 ([CP26/11](#)), consulting on:
- the application fees for cryptoasset activities
 - creating fee-block A.26 for firms undertaking cryptoasset activities
- 3.5** We have reviewed the feedback from our consultations and will publish the final rules in a Policy Statement on cryptoasset regulation shortly. We have simplified our definition of fee-block A.26. Instead of specifying individual activities, it now covers all authorised cryptoasset firms. This ensures the definition will not need updating if there are future changes to the range of authorised activities.
- 3.6** We propose annual regulated income as the tariff base for fee-block A.26, using our standard definition of income in [FEES 4 Annex 11AR](#), with guidance in [FEES 4 Annex 13G](#). Income is our most common tariff measure because it is readily available and easily understood as a measure of size. It ensures that smaller firms pay lower fees.
- 3.7** Since cryptoasset businesses registered under the Money Laundering Regulations 2017 (MLRs) already report income supervised under the MLRs in fee-block G.30, we

do not anticipate any amendments to our standard definition. Nevertheless, we would welcome any comments or suggestions for improvement.

- 3.8** We expect that many of the businesses in fee-block G.30 will apply for FSMA authorisation. If their applications are successful, they will be moved out of fee-block G.30 and into A.26. They will not have to pay periodic fees in both fee-blocks.
- 3.9** The fees for 2028/29 will be based on the data reported in firms' applications. Going forward, firms will report on the basis of their accounts for their financial year ending during the calendar year before the relevant fee-year.
- 3.10** As the definition and guidance make clear, firms should only report income derived from the activities for which they have been authorised. We are proposing that, like the other A fee-blocks with tariff measures based on income, cryptoasset firms with under £100,000 in regulated annual income will pay only the minimum fee in fee-block A.0 (currently £2,200). Cryptoasset firms with more than £100,000 in annual regulated income will pay a variable fee in addition to their minimum fee. We will set out the variable fee-rate for cryptoasset firms in our 2028 Spring Fee-Rates Consultation.
- 3.11** Our fees proposals are summarised in the table below.

Table 1: Summary of FCA fee proposals

Fee-block	Tariff base	Comment
A.26: Cryptoasset activities.	Annual income from regulated cryptoasset activities as defined in FEES 4 Annex 11A with guidance in FEES 4 Annex 13.	Firms will be asked in their applications to provide projections of their regulated annual income. We will use the data to calculate fee rates for 2028/29 which we will consult on in spring 2028. Once authorised, firms will be required to provide income data annually, on the basis of their own financial year.

Question 3.1: Do you agree that the fees of cryptoasset firms in fee-block A.26 should be based on regulated income, using our standard definition of income in FEES 4 Annex 11A?

Financial Ombudsman levies

- 3.12** As set out in CP26/4, we propose that eligible complainants of authorised cryptoasset firms should be able to refer their complaints to the Financial Ombudsman once those activities fall within our regulatory perimeter.
- 3.13** The Financial Ombudsman is funded through a combination of case fees and an annual general levy. Firms pay a standard case fee of £680 for each complaint investigated. Reduced rates apply if the complaint is submitted by a professional representative and not upheld, in which case the fee is reduced to £500. In addition, the Compulsory

Jurisdiction (CJ) levy, also called the general levy, funds the Financial Ombudsman's wider operating costs and is collected from regulated firms based on the activities they perform and in proportion to their size. Once cryptoasset firms' regulated activities fall within the Financial Ombudsman's CJ, they will be liable for both the annual general levy and case fees, in line with other regulated firms. Case fees will apply from the outset of the regime, but firms will not be required to pay the annual levy until 2028/29.

- 3.14** The fees and levy rules that apply to firms covered by the Financial Ombudsman CJ are contained in Chapter 5 of the FEES manual in the FCA Handbook. These set out how a firm's contribution to the CJ levy is calculated according to the tariff base for each industry block (FEES 5 Annex 1R). Firms either pay a minimum levy which then increases in line with how much 'relevant business' the firm conducts (ie, business with consumers that is subject to the jurisdiction of the Financial Ombudsman as defined in Handbook Glossary definition) or a flat fee, as applicable for each relevant industry block. Tariff bases are designed to provide an objective, transparent and proportionate proxy for firms' contribution to demand on the Financial Ombudsman. We consulted on the application of our complaint handling rules and access to the Financial Ombudsman for new regulated cryptoasset activities in [CP26/4](#). We will provide an update on our position soon.
- 3.15** In this chapter, we set out our proposals for calculating the general levy payable by cryptoasset firms.

The wider context and our objectives

- 3.16** In the cost benefit analysis in [CP26/4](#), using data from investment firms as a comparison, we estimate 5% of complaints will not be resolved by firms and require consideration by the Financial Ombudsman. This results in an estimated 700 complaints annually going to the Financial Ombudsman in relation to regulated cryptoasset firms.
- 3.17** This assumption represents a small proportion of the total number of complaints the Financial Ombudsman receives and would result in a relatively low CJ levy contribution from the sector. We propose to apply a differentiated tariff base across activities within the cryptoasset activities industry block. This is intended to reflect the diversity of regulated activities and business models, and to ensure that levy contributions are proportionate to the demands we expect firms to place on the Financial Ombudsman.
- 3.18** In determining the appropriate tariff bases, we have considered comparable activities in traditional financial services, such as dealing as principal or agent, arranging deals, operating trading venues and safeguarding client assets, which have functional similarities to certain cryptoasset activities. We have also considered the nature and frequency of consumer interactions likely to give rise to complaints, and the data firms will be required to report.

Timeline for implementation and transitional arrangements

- 3.19** Firms will be able to apply for authorisation from 30 September 2026, with the regime coming into force in October 2027. Firms will not need to contribute to the CJ levy until after the Financial Ombudsman has confirmed its budget for 2028/29. This is usually

consulted on in December, after which the FCA will consult on the allocation of the levy in the Spring FEES and Levy consultation paper in March. Firms will be charged case fees by the Financial Ombudsman from the outset of the regime. For 2028/29, we will use the data firms provide in the application forms to appropriately allocate the CJ fee across the different firms. From Financial Year 2029/30, we will use the data firms provide to us in the regular annual reporting.

3.20 As a result, there may be a short period during which customers are able to refer complaints to the Financial Ombudsman, but firms are not yet contributing to the CJ levy. We expect the number of complaints during this period to be low. The Financial Ombudsman will continue to charge case fees, meaning that most of its costs should still be recovered.

3.21 The table below summarises our proposed tariff bases for different regulated cryptoasset activities. Firms will need to contribute towards the levy for each activity they carry out. The rationale for each allocation is set out beneath the table.

Table 2: Summary of CJ levy proposals

Industry block	Tariff base	General levy payable by firm
Operating a qualifying cryptoasset trading platform Dealing in qualifying cryptoassets as agent Arranging deals in qualifying cryptoassets Arranging qualifying cryptoasset staking Safeguarding cryptoassets Arranging cryptoasset safeguarding	Annual income (as defined in FEES 4 Annex 11AR, as amended to apply to fee-block A.26, with guidance in FEES 4 Annex 13G) relating to a firm's 'relevant business', subject to a minimum levy amount.	To be confirmed after the Spring 2027 CP - FCA regulated fees and levies: rates proposals for 2028/29
Dealing in qualifying cryptoassets as principal Issuing qualifying stablecoin	Flat Fee	£0 - firms will not be charged until 2028/29, from when we have provisionally proposed a fee of £75 will apply.

Annual income relating to firm's 'relevant business'

3.22 We propose using annual income relating to firm's 'relevant business' as the tariff base for the activities listed above. We believe this is an appropriate tariff for the above activities, as these activities are generally retail facing and involve a direct relationship between firms and customers. They typically include frequent customer touchpoints (such as onboarding, execution, pricing and account access) which may give rise to complaints.

3.23 FEES 5.4.1R explains that annually firms must report to the FCA the total amount of 'relevant business' from which we calculate the CJ levy for each relevant industry block. Firms will need to have sufficient information about their customers to report to the FCA how much of their annual income comes from business conducted with consumers. We believe the reporting requirements, outlined in [CP26/4](#), will mean firms will be able to collect this information and report it to the FCA.

3.24 As set out in FEES 5.4.1R(3), where a firm cannot reliably and consistently identify annual income attributable to relevant business, it may report the amount of relevant business on a best estimate basis.

Flat fee

3.25 Certain cryptoasset activities are expected to give rise to a low volume of complaints and present practical difficulties in identifying a meaningful income measure that reflects exposure to complaints. In these circumstances, a flat fee provides a simple and predictable mechanism for allocating Financial Ombudsman costs.

3.26 Dealing as principal is often not customer facing, with firms acting on their own account rather than providing an ongoing service to retail clients. As a result, complaint volumes are expected to be low, and income attributable to business that could give rise to complaints to the Financial Ombudsman may be difficult to identify or may not provide a meaningful proxy for exposure to complaints. A flat fee approach is therefore appropriate and consistent with the treatment of comparable principal dealing activities in traditional financial services.

3.27 Similarly, stablecoin issuers may not have a direct relationship with end holders, as tokens are commonly issued and redeemed with exchanges at the wholesale level and traded by retail customers on secondary markets. This structure makes it difficult for issuers to reliably identify income derived from business conducted with eligible complainants. Given the limited and indirect interaction between retail consumers and stablecoin issuers, complaint volumes are also expected to be low.

3.28 We therefore provisionally propose a flat fee of £75 for dealing in qualifying cryptoassets as principal and for issuing qualifying stablecoin. This proposal is based on the data and evidence available to us at this time, including the low volume of complaints we expect to be referred to the Financial Ombudsman in relation to these activities, and the practical difficulties in identifying and measuring business conducted with eligible complainants for tariffsetting purposes.

3.29 In the case of dealing in qualifying cryptoassets as principal, this approach aligns with the treatment of the closest traditional finance equivalent, where dealing as principal currently attracts a flat fee of £75. Issuing a qualifying stablecoin is most closely comparable to issuing electronic money, as both involve the creation of a moneylike instrument for payment purposes rather than investment activity. However, unlike typical emoney models, stablecoin issuers generally do not have a direct relationship with end users, meaning there is no meaningful income or accountbased metric that could be used as a tariff base. An income-based levy would therefore be poorly aligned with complaint risk. A provisional flat fee of £75 is proportionate, operationally

practical, and aligned with the current minimum levy applicable to e-money issuers, which represents the closest traditional finance comparator.

3.30 As set out above, firms will not begin to contribute to the CJ levy until after the Financial Ombudsman has confirmed its budget for 2028/29 and the FCA has consulted on the allocation of the levy in the Spring FEES and Levy consultation paper. As the cryptoasset regime beds in, and further evidence becomes available to us, such as in relation to firms' risk profiles, business models and complaint volumes we would expect to keep the proposed fee of £75 under review. The level of the flat fee may therefore change ahead of firms beginning to be charged in 2028/29, including in response to any changes in overall Financial Ombudsman funding requirements. We will consult on the eventual fee payable by firms as part of our annual fees and levies consultation, likely in Spring 2028.

Question 3.2: Do you agree that annual income relating to firm's 'relevant business' is an appropriate tariff base for the retailing cryptoasset activities listed in Table 2? If not, what alternative tariff base would you propose?

Question 3.3: Do you agree with our proposal to apply a flat fee to firms dealing in qualifying cryptoassets as principal, including the provisionally proposed level of £75? If not, what alternative tariff base would you propose?

Question 3.4: Do you agree with our proposal to apply a flat fee to stablecoin issuance activities, including the provisionally proposed level of £75?

Question 3.5: Do you agree that the existing reporting requirement on the activities which will use the annual income tariff base will be sufficient for firms to identify and report annual income derived from 'relevant business'?

Rule Review Framework

3.31 The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 3.32** Under section 138I(6) FSMA, the FCA is generally exempt from the requirement to carry out and publish a cost benefit analysis for fees policy proposals. We have therefore not undertaken a cost benefit analysis.

Impact on mutual societies

- 3.33** Section 138K(2) of FSMA requires the FCA to state whether, in our opinion, the proposed rules will have an impact on mutual societies which is significantly different from the impact on other authorised persons. The FCA is satisfied that the proposals in this consultation would not have a significantly different impact on mutual societies compared with other authorised persons. The proposed rules and guidance would apply equally to all firms carrying on regulated cryptoasset activities. In developing these proposals the FCA has considered how to mitigate the potential for different impacts on different types and sizes of firm.

Compatibility statement

- 3.34** When consulting on new rules, we are required by section 138I(2) of 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 (so far as reasonably possible) the Secondary International Competitiveness and Growth Objective (SICGO). Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 3.35** The fees we collect enable us to recover the costs of the FCA's work. In developing these proposals, we have carefully considered how to advance our objectives. While the proposals in this CP are not intended, in themselves, to directly advance our operational or secondary objectives, they help to establish the fees framework needed to support the FCA's regulation of cryptoasset activities and the funding of related Ombudsman functions. In that way, they support the FCA's capacity to act in a manner compatible with its strategic objective of ensuring that the relevant markets function well and, so far as reasonably possible, to advance one or more of its operational objectives, including promoting effective competition in the interests of consumers, and the SICGO.
- 3.36** We are satisfied that, in developing these proposals, we have had regard to the regulatory principles and to the importance of taking action intended to minimise financial crime. We are satisfied that any burdens or restrictions are proportionate to the expected benefits. We have also had regard to the recommendations made by the Treasury in the November 2024 remit letter.

Equality and diversity

- 3.37** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 3.38** 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 meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 4

UK Capital Requirements Regulation (UK CRR) references amendment

Introduction

- 4.1** The Financial Services and Markets Act 2023 (FSMA 2023) revoked the onshored version of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, otherwise known as the UK CRR, together with associated assimilated law. To achieve this, HM Treasury (HMT) has been making legislation to bring into force the revocation of parts of the UK CRR in stages.
- 4.2** In July 2025, HMT announced its approach for revoking the remaining provisions of the UK CRR which will take place on 1 January 2027. This also includes definitions set out in Articles 4, 4A, 4B and 5. This consultation builds on the work already undertaken by HMT and the Prudential Regulation Authority (PRA), and should be read alongside the wider set of proposals to revoke the UK CRR, including:
- the Financial Services and Markets Act 2023 (Commencement No. 13) Regulations 2026 (SI 2026/174) and the Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
 - PRA Policy Statements (PS): PS12/25, PS1/26, PS3/26, PS4/26 and PS14/26.
- 4.3** Consistent with the UK's established approach to financial regulation, HMT has restated a small number of the definitions in legislation that are necessary for the effective operation of the regulatory perimeter or other legislation.
- 4.4** We do not have any solo regulated firms that are defined as 'institutions' under the UK CRR and which are subject to its scoping provisions. We do, however, have some other types of UK authorised firms providing payment services or issuing electronic money which are subject to part of the same requirements through the application of other legislation and rules. The FCA's Handbook and Glossary of definitions also contain terms derived from the UK CRR and references to provisions in the UK CRR (UK CRR references). We are therefore consulting on consequential changes to address the UK CRR references. Our proposed changes are intended to allow the existing use of provisions in, and references to, the UK CRR to continue to operate effectively, and do not amount to a change in policy intent.
- 4.5** This consultation is of potential relevance to all persons subject to provisions in the FCA Handbook and Glossary of definitions with UK CRR references, and their counterparties.
- 4.6** We aim to align our implementation with HMT's restatements of CRR definitions and the PRA's final proposals. This is currently expected to take effect on 1 January 2027.

Summary of proposals

4.7 We are now proposing necessary changes to the FCA Handbook and the Glossary of definitions to reflect changes to the UK CRR references that will be revoked due to HMT legislation. By doing so, we will ensure that definitions and references continue to be legally and operationally effective with no material change to policy.

4.8 Our proposals make:

- amendments to FCA Handbook and Glossary references to the UK CRR
- amendments to Glossary definitions derived from, or referring to, the UK CRR
- amendments to non-UK CRR definitions that reference the UK CRR
- an amendment to the Glossary definition of UK CRR
- clarification of applicable versions of the UK CRR as of certain dates

4.9 We also explain our approach for 2 other areas where definitions and UK CRR references are impacted by this consultation:

- securitisations
- payment services and electronic money firms

Question 4.1: Do you agree with our approach to amending UK CRR references in the FCA Handbook and Glossary of definitions? If not, please explain why and if you have other considerations.

Amendments to UK CRR references in the FCA Handbook and the Glossary of definitions

4.10 The FCA's Handbook contains rules and guidance with UK CRR references. The PRA, under section 144A of FSMA, can make rules in relation to these revoked provisions in the UK CRR. These rules are referred to as 'CRR rules'.

4.11 Under section 5 of the Financial Services Act 2021, references in legislation (which includes the FCA Handbook) to revoked UK CRR provisions are to be treated automatically as references to corresponding CRR rules made by the PRA. In addition, section 137T of FSMA (reflected in GEN 2.2.13R) allows the FCA to make cross-references in the Handbook and the Glossary of definitions to provisions in the PRA Rulebook as amended from time to time.

4.12 The PRA have published PSs under their powers making rules related to the revoked provisions. The PRA included in its PSs updated tables of each revoked UK CRR provision and its corresponding PRA rule. Firms can currently identify the corresponding CRR rules in the PRA Rulebook and from the list that the PRA maintains on its [website](#).

4.13 We therefore propose to amend these UK CRR cross-references in the FCA Handbook and the Glossary of definitions, and replace them with references to the corresponding CRR rules made by the PRA.

4.14 The areas proposed to be amended include:

- Glossary of definitions
- General Prudential sourcebook (GENPRU)
- Prudential sourcebook for MiFID Investment Firms (MIFIDPRU)
- Senior Management Arrangements, Systems and Controls sourcebook (SYSC)
- Supervision manual (SUP)
- Collective Investment Schemes sourcebook (COLL)
- Securitisation sourcebook (SECN)
- Regulated Covered Bonds sourcebook (RCB)
- Enforcement Guide (ENFG)

Amendments to Glossary definitions derived from the UK CRR

4.15 The Glossary contains a number of definitions derived from the UK CRR. The restatement of CRR definitions thus prompts numerous consequential changes within the Glossary of definitions. HMT is restating several definitions in the Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480), and the PRA have published their final proposals to restate a number of the CRR definitions in the PRA Rulebook (CRR Definitions: restatement in PRA Rulebook PS14/26). We therefore propose our general approach to deal with restated definitions by amending the cross-reference to the new legislation in the Glossary defined term and deleting the reference no longer valid. Examples include 'financial institution' and 'UK Parent entity'.

4.16 However, this is not the case for all definitions. Where a UK CRR definition has not been restated in legislation and it is used in the FCA's Handbook, the FCA proposes:

- to replicate the content of the definition in the Glossary. Examples include: 'Annex 1 activities' and 'discretionary pension benefits'; or
- to cross-refer to an existing definition with equivalent content. Example: paragraph (1)(a) of the definition of 'credit institution' which is defined by reference to section 417(1) of FSMA.

4.17 We propose applying a different approach in a small number of cases relating to definitions linked to the PRA Rulebook where:

- the context refers to CRR firms and consolidation. For example, paragraph (1) of the definition of 'consolidated situation' refers to a consolidation group under the PRA Rulebook (whilst paragraph (2) relates to MIFIDPRU in the FCA Handbook);
- the definition refers to types of entities which used to be defined in the PRA Rulebook by reference to the UK CRR. But which now have a corresponding definition contained solely in the PRA Rulebook. For example, paragraph (a) of the definition of 'financial sector entity' refers to types of entities defined in the PRA Rulebook and which correspond to article 4(1)(27) of the UK CRR (whilst paragraphs (b) and (c) refer to MIFIDPRU in the FCA Handbook).

Question 4.2: Do you agree with our approach to amending Glossary definitions derived from the UK CRR?

Amendments to non-UK CRR Glossary definitions with references to the UK CRR

4.18 The Glossary contains a small number of non-UK CRR definitions with UK CRR references. We propose to deal with these definitions based on the following approach:

- where the definition is used in the context of a version of the UK CRR as of a certain date - such as with 'BIPRU firm' and 'exempt CAD firm' - the FCA proposes to clarify the relevant date of the UK CRR version by inserting a 'note' to the definition.
- where the definition refers to a list of items contained in an annex to the UK CRR, such as the case for the definition of 'off-balance sheet items', the FCA proposes to reproduce the content of the Annex in the definition.

Question 4.3: Do you agree with our approach to amending non-UK CRR definitions with UK CRR references in the FCA's Glossary?

Glossary definition of 'UK CRR'

4.19 The current definition of 'UK CRR' refers to the UK Capital Requirements Regulation No 575/2013 **'read together'** with any CRR rules as defined in section 144A of the Act."

4.20 We propose to clarify this definition, so the interpretation is clear that it refers to the UK Capital Requirements Regulation No 575/2013 **and** any 'CRR Rules'.

4.21 Since the UK Capital Requirements Regulation No 575/2013 is being revoked in stages, there will be a point where it will be replaced by 'CRR rules' made by the PRA. By making this clarification, we intend to ensure that any references to the 'UK CRR' continue to include the corresponding CRR rules made by the PRA under section 144A of FSMA.

Question 4.4: Do you agree with our approach to clarifying the definition of UK CRR in the FCA's Glossary?

Clarification of applicable versions of the UK CRR as of certain dates

4.22 The Prudential sourcebooks in the FCA's Handbook contain a small number of provisions that apply a version of the UK CRR as of certain date due to the subject of the relevant rule or guidance. We propose to clarify the date of the applicable version of the UK CRR by way of an accompanying explanatory note in each of the relevant provisions.

Question 4.5: Do you agree with our approach to explaining the applicable version of the UK CRR as of certain dates?

Other areas where definitions and UK CRR references are impacted by this work

Securitisation sourcebook (SECN)

- 4.23** The current definition of 'non-performing exposure' in the PRA Rulebook is being updated as of 1 January 2027 to refer to the definition contained in the Non-Performing Exposures Securitisation (CRR) Part of the PRA Rulebook. This is as per PRA's Restatement of CRR requirements ([PS19/25](#)) published on 28 October 2025. Further, PRA's Consultation Paper (CP) Reforms to securitisation requirements ([CP2/26](#)) published on 17 February 2026, proposes to move the definition of non-performing exposure to the Glossary Part of the PRA Rulebook. The consultation closed on 18 May 2026 and the PRA is yet to publish the related policy statement.
- 4.24** The FCA is also consulting on both changes in relation to the 'non-performing exposure' definition in the Glossary:
- (a)** to align with the PRA definition by making a cross-reference to the definition contained in the Non-Performing Exposures Securitisation (CRR) Part of the PRA Rulebook coming into effect on 1 January 2027; and
 - (b)** to further update the cross-reference to the Glossary Part of the PRA Rulebook.

Question 4.6: Do you agree with our proposal for the definition of 'non-performing exposure' in the FCA's Glossary?

Payment services and electronic money firms

- 4.25** The Payment Services Regulations 2017 (PSRs) and The Electronic Money Regulations 2011 (EMRs) contain UK CRR references. HMT is planning to deal with these UK CRR references through a statutory instrument on consequential changes related to the UK CRR in the second half of 2026.
- 4.26** The FCA Handbook contains a small number of UK CRR references in the context of payments and electronic money institutions both in SUP 16 (reporting forms and guidance notes) and in the FCA's approach document, [Payment Services and Electronic Money – Our Approach](#). These UK CRR references are related to those in the PSRs and EMRs. Therefore, we plan to deal with these UK CRR references in a consultation following the publication of HMT's statutory instrument on consequentials, mentioned above.

The wider context and our objectives

- 4.27** Our proposals aim to ensure that, as the PRA brings relevant material into its own Rulebook, the definitions and references in the FCA Handbook continue to be legally and operationally effective. We do not expect any material change to policy as a result of this exercise. The relevant material will remain aligned with our operational objectives, as they promote:
- market integrity by ensuring that safety and soundness of FCA regulated firms

- effective competition through the enhanced clarity in the framework/legislation/ Handbook that the proposed changes provide
- clarifying drafting and deleting redundant material, reducing the burden of regulation for firms

Rule Review Framework

- 4.28** The FCA's Rule Review Framework states that, while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 4.29** Section 138IA of Financial Services and Markets Act 2000 (FSMA) requires the FCA to consult the cost benefit analysis (CBA) panel about the preparation of a CBA. 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 that any increase will be of minimal significance. We do not consider that the changes proposed in this chapter will result in cost increases. This is because our proposals are only consequential ones intended to ensure that the relevant current definitions of, and references to, the UK CRR and its terms and provisions continue to be legally and operationally effective with no material change to policy.

Impact on mutual societies

- 4.30** Section 138K(2) of 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.
- 4.31** We are satisfied that the proposals in this chapter would not have a significantly different impact on mutual societies compared with other authorised persons.

Compatibility statement

- 4.32** When consulting on new rules, we are required by section 138I(2) of 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 (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must promote effective competition when advancing our other operational objectives (section 1B(4) of FSMA), and have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative

and Regulatory Reform Act 2006, the Regulators' Compliance Code and the Treasury's recommendations on economic policy (section 1JA of FSMA).

4.33 We are satisfied that the proposed amendments are compatible with our objectives and other legal obligations. The amendments advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers. We are satisfied that any burdens or restrictions are proportionate to the expected benefits. We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective.

Materiality

4.34 This section explains why we consider that the proposed changes to our MIFIDPRU rules and guidance made under Part 9C of FSMA are not material under section 143 of FSMA. It does not apply to those rules that are being made under our general FSMA rule-making power which include the proposed amendments to other sections of the FCA's Handbook and Glossary of definitions.

4.35 In our opinion, the proposed changes to our existing rules within this chapter are not material under:

- section 143G (1) of FSMA – because we consider that they do not affect standards set by an international body
- section 143G(3) to (5) of FSMA – because they do not affect relevant equivalence decisions

4.36 More generally, we do not consider that they materially change any risks to consumers, the market or the UK financial system arising from FCA investment firms.

4.37 Our proposed changes are intended to clarify the wording by replacing references to the UK CRR with the corresponding PRA CRR rules in relation to existing rules and guidance for FCA investment firms. And, where applicable, UK parent entities of Investment firm groups (IFGs) that are subject to prudential consolidation under MIFIDPRU 2.5. We do not consider that they will impose substantive new obligations on firms or parent entities, and therefore we do not expect them to increase the operational burden.

4.38 When we made the original rules in [PS21/17](#), we considered the application of our duties under Part 9C of FSMA at that time and explained how we considered that our rules discharged those duties. We consider that the minor amendments to rules and guidance that we are proposing in this chapter would not materially change our approach to monitoring and supervising the relevant underlying risks, and that the clarifications being proposed would facilitate the implementation of the existing obligations by the relevant firms or parent entities.

Equality and diversity

- 4.39** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 4.40** 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 meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 5

Holding of certain cryptoasset exchange traded notes by authorised funds

Introduction

- 5.1** In August 2025, we lifted our prohibition on the sale, distribution and marketing of certain exchange traded notes (ETNs) referencing cryptoassets (cETNs) to retail consumers. The change reflected the evolving market and regulatory regime for such products, and was intended to bring retail access more in line with other cryptoasset-linked products, including in other jurisdictions.
- 5.2** cETNs traded on a UK Recognised Investment Exchange (RIE) can now be offered to retail consumers, subject to compliance with our Conduct of Business sourcebook (COBS) and related financial promotion rules. UK RIE cETNs are categorised as restricted mass market investments (RMMIs), and as a result are subject to equivalent financial promotions rules as the underlying cryptoassets. Firms offering cETNs to retail consumers must also comply with the Consumer Duty.
- 5.3** We have to date also maintained an effective prohibition on the holding of cETNs by authorised funds through our authorisation channels. However, as the regulatory regime for cETNs has developed, and to ensure greater consistency in the regulatory treatment across products, we believe it is appropriate to clarify whether authorised funds can invest in cETNs.
- 5.4** We want the range of investments for authorised funds to remain contemporary and consistent with the demands of investors in a diversified product with professional investment and risk management. We also want to create the right environment for UK firms to grow and innovate, while ensuring consumers are adequately protected and markets function well.
- 5.5** We therefore propose to allow UK UCITS schemes (and with certain exceptions, as explained below) non-UCITS retail schemes (NURS) to hold up to 10% of their scheme property in cETNs, where this is consistent with the disclosed investment objectives and risk profile of a given fund.
- 5.6** We do not propose to apply a limit to holdings within qualified investor schemes (QIS) as these funds can only be sold to professional clients and sophisticated investors. We also seek views on whether to prevent the holding of cETNs by long-term asset funds (LTAF) and NURS operating as Fund of Alternative Investment Funds (FAIFs), as we do not consider cryptocurrencies to be consistent with the investment objectives of these products.

Summary of proposals

- 5.7** The ability of authorised funds to hold cETNs was raised in multiple responses to our consultation on retail access to cETNs (see Consultation Paper (CP) [CP25/16](#)). Opening retail access to cETNs has prompted renewed questions from fund managers, depositaries and cETN operators as to whether authorised funds can invest into cETNs.
- 5.8** Our rules for retail authorised funds (UCITS schemes and NURS) set conservative restrictions on assets to which a fund can be exposed, in exchange for allowing these funds to be marketed to retail consumers. Unregulated funds and QIS can invest in more speculative assets but cannot be mass-marketed to retail investors.
- 5.9** UCITS schemes and NURS are technically permitted to invest in transferable securities backed by ineligible assets (such as cryptoassets) under long-standing rules developed prior to widespread market and consumer awareness of cryptoassets and blockchain technology. UCITS schemes and NURS can technically invest into cETN securities that meet our broader tests for transferable securities. The ETN structure itself is used to support investment in other classes of assets by authorised funds, including physical gold, through transferable securities.
- 5.10** However, we indicated we would not authorise a fund referencing cryptoassets in its objectives until we had confidence in the integrity of the underlying market and that this would not be detrimental to investor interests. We have to date challenged any proposed investment in cETNs on the basis of how the holding was in line with the investment objectives of a particular fund, and how the manager proposed to capture, manage and disclose the risks associated with a class of assets where the price is driven by speculative behaviour and sentiment.
- 5.11** The decision to allow retail access to cETNs listed on UK RIEs recognised the role of the UK Listing Regime, Prospectus Regulation and broader listing environment in setting standards for listed securities. Our decision to withdraw the retail prohibition followed a re-assessment of these risks in light of developments in the market. The basis for this change is equally valid in assessing indirect investment through authorised funds.
- 5.12** We do not believe it would be appropriate to allow UCITS schemes and NURS to have significant exposure to cETNs at the current time given the speculative nature of the underlying cryptoassets. We therefore propose to limit exposure within UCITS schemes and NURS to 10% of the value of scheme property. This would allow, for example, low levels of exposure within diversified multi-asset funds where this is clearly disclosed to potential investors and ongoing investors in the relevant fund. UCITS and NURS can hold cETNs traded on UK RIEs, and those traded or dealt on other EU and global markets that comply with our existing 'eligible markets' tests for fund assets.
- 5.13** We recognise that some firms have called for higher limits, arguing that our rules on fund eligible assets generally do not distinguish between other classes of higher-risk transferable securities, including those listed on UK RIEs. However, we believe that allowing material levels of exposure could result in such funds needing to be classified as RMMIs, in order to protect consumers, ensure consistency with our financial promotion

rules for direct investments in cryptoassets and cETNs, and the status of UCITS and retail authorised funds as a brand.

Question 5.1: Do you agree with our proposal to allow UCITS schemes and NURS to hold cETNs? If not, please explain why.

Question 5.2: Do you agree with our proposal to limit exposure to cETNs in UCITS schemes and NURS to 10% of the value of scheme property? If not, please explain why.

Question 5.3: Do you agree with our proposal to prohibit LTAF and NURS operating as FAIFs from holding cETNs, and that no limits should be applied in respect of QIS? If not, please explain why.

Due diligence and disclosure requirements

- 5.14** Fund managers of authorised funds are required to have adequate knowledge and understanding of the assets in which the fund invests. They are obliged to conduct due diligence on the selection of investments, including ensuring that any investment decision is made in compliance with the objectives, strategy and risk limits of the fund, including its liquidity risk profile. They also need to monitor this on an ongoing basis. Although many cryptoassets and cETNs are liquid, fund managers should consider whether this will always be the case, including in stressed scenarios.
- 5.15** Our rules also require fund managers to ensure that the scheme property of a UCITS scheme or NURS provides a prudent spread of risk, taking into account the investment objectives and policies of the fund in question. In making this assessment, fund managers should assess any holding or proposed holding in a cETN against the broader portfolio of the fund, including any holdings in other higher-risk assets, indirect exposure to cryptoassets via investments in other funds, and assets with correlation to cryptoassets, such as cryptoasset treasury issuers.
- 5.16** We do not intend to prescribe a risk warning for authorised funds holding cETNs, given we are limiting the levels of exposure, and impact on outcomes for investors may vary. Firms should consider our existing rules and guidance on disclosure of fund objectives and investment policies in regulated material and other marketing communications. These rules complement our requirements under the Consumer Duty. Our risk summaries in COBS 4 Annex 1R in respect of cryptoassets and cETNs may also be helpful in determining what to disclose to retail investors in respect of exposure through authorised funds.
- 5.17** Our existing rules (COBS 4.13.2R(4)) require fund managers of UCITS schemes to ensure that marketing communications in respect of a UCITS scheme that has, or is likely to have, higher volatility in its net asset value include a prominent statement drawing attention to this.

- 5.18** The prospectus of an authorised fund must set out the investment objective and policy of a given fund in detail, including any intended specialisation. An authorised fund can only hold cETNs where doing so would be consistent with this. Consumer-facing material, including for Consumer Composite Investments (CCIs), should be set out simply, clearly, and fairly, in language that consumers can understand. The description of a fund's objective and policy in consumer material must also cover any essential features that an investor should be informed of, even if not set out in the prospectus. This should include relevant features of the investment strategy, if necessary to adequately describe the fund's objective and policy. Given the specific nuances of cryptoassets, we believe that possible, or intended, exposure to cETNs beyond a genuine *de minimis* level would constitute a relevant feature of the strategy of a UCITS scheme or NURS.

Direct investment in cryptoassets

- 5.19** We are not currently considering allowing authorised funds to hold cryptoassets directly (rather than via an ETN) for investment purposes. This position will remain at least until we have further considered the overall impact of our incoming cryptoasset regulatory regime to authorised funds, including our rules for safeguarding of client cryptoassets. All assets that form part of the scheme property of an authorised fund must be entrusted to a depositary for safekeeping.
- 5.20** Our Progressing Fund Tokenisation Policy Statement (PS) ([PS26/7](#)) includes a discussion on the use of stablecoins and cryptocurrencies in authorised funds for non-investment purposes. This includes settlement of fund unit deals and payment of transaction charges on public networks. This is to allow tokenised funds to operate fully on-chain and presents different risks to investment positions.

Rule Review Framework

- 5.21** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 5.22** Section 138I(2)(a) of FSMA requires the FCA to publish a cost benefit analysis (CBA) 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 that any increase will be of minimal significance. We believe the changes proposed in this chapter are not likely to result in cost increases or that any increases will be of minimal significance. Therefore, we believe that no CBA is required.
- 5.23** Allowing authorised funds to hold cETNs could create small additional costs for fund managers, distributors and platforms. These costs may arise if fund documents or

marketing materials need to be reviewed or updated to clearly disclose any intended or potential investment in cETNs, and explain the associated risks. However, managers would only need to make these changes if they decide to consider whether cETNs are appropriate for a particular fund and its investors or target market.

- 5.24** cETNs may expose investors to risks linked to largely unregulated cryptoasset markets, which can be highly volatile and vulnerable to financial crime. However, we believe existing marketing and disclosure requirements for authorised funds should help retail consumers understand the risks of investing in a fund with cETN exposure. Our proposed 10% limit for UCITS and NURS would also mitigate the risk of significant impacts arising from cETN exposure.
- 5.25** Authorised funds can already invest in a range of higher-risk conventional assets, as well as shares of companies and indices linked to cryptoassets, including cryptoasset treasury securities. We therefore do not think our proposals materially increase risks to retail consumers.

Impact on mutual societies

- 5.26** We have determined there will be no impact on mutual societies. Our proposals relate to assets that can be held by authorised funds.

Compatibility statement

- 5.27** When consulting on new rules, we are required by section 138I(2) of 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 our secondary growth objective, and has regard to the regulatory principles in section 3B of FSMA, and for the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 5.28** We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments are consistent with our strategic objective of ensuring that markets function well and advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers. Ensuring that the range of assets in which authorised funds may invest reflects contemporary investment classes may also be advantageous in progressing our secondary objective to facilitate international competitiveness and growth of the UK economy. We are satisfied that any burdens or restrictions are proportionate to the expected benefits.

Equality and diversity

- 5.29** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment).
- 5.30** 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 meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 6

Section 21 approval notifications for qualifying cryptoasset financial promotions

Introduction

- 6.1** In Policy Statement (PS) [PS23/13](#), we set out our requirements for firms with permission to approve financial promotions under section 55NA of the Financial Services and Markets Act 2000 (FSMA) (section 21 approvers). These included a requirement for section 21 approvers of some types of financial promotions to submit a notification to us within 7 days of the approval being granted. This was to help us monitor and supervise approval activity, particularly where promotions relate to higher risk investments. This particular requirement in the Supervision manual (SUP 16.31.5 R(1)) applies to approvals of promotions relating to non-mass market investments (NMMIs) or qualifying cryptoassets.
- 6.2** Qualifying cryptoassets are the only type of restricted mass market investment (RMMI) for which notifications of approvals of promotions are required. We took the decision to apply the notification requirement to approvals of promotions relating to qualifying cryptoassets because promotions of cryptoassets had not previously been subject to a conduct regime in the UK. We therefore considered that the collection of data on how these products are promoted was crucial to our early regulation of this sector. However, when we introduced the requirement, we said that this approach was subject to review.
- 6.3** We have recently considered the overall levels of compliance of promotions for cryptoassets for which we have received notifications, and our findings show that the vast majority of these financial promotions are compliant with our rules. Therefore, we consider that this notification requirement generally no longer represents a proportionate means to mitigate harm compared to the administrative burden it places on firms and the FCA. One exception to this overall finding was that 40% of direct offer financial promotions for these products for which notifications were submitted (which account for only 3% of notifications) were found to be non-compliant in one or more respects. This is due to the additional requirements which apply to this type of promotion which must meet a higher bar to be compliant.

Summary of our proposals

- 6.4** To reduce this unnecessary burden on firms, we propose amending SUP 16.31.5R(1) so that notifications of approvals of qualifying cryptoasset promotions are only required in the following circumstances:
- approval of a qualifying cryptoasset financial promotion where the approval is given within 3 months of the section 21 approver firm being granted permission by the FCA to approve qualifying cryptoasset financial promotions, whether on initial grant of approver permission or by way of a subsequent variation of that permission
 - approval of a qualifying cryptoasset direct offer financial promotion
- 6.5** We are not proposing any changes to our requirements on firms to notify us of approvals of amendments to financial promotions or withdrawals of approvals of financial promotions where there is a notifiable concern. However, we intend that such notifications will be submitted through section 21 approver firms' submission of a SUP 15 notification, rather than through the Connect portal, following publication of the updated rule.
- 6.6** We would still have the option to exercise our regulatory powers and other tools at our disposal to access firm information, intervene where necessary, and take enforcement action where concerns arise. We will also continue to monitor firms' approval of financial promotions more broadly through our general supervisory engagement.

Question 6.1: Do you agree with our proposal to remove the requirement for section 21 approvers to notify us of the approval of financial promotions relating to qualifying cryptoassets other than in the circumstances described in paragraph 6.4?

Rule Review Framework

- 6.7** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 6.8** Section 138I(2)(a) of FSMA requires us to publish a cost benefit analysis (CBA) when proposing draft rules. This sets out an analysis of the costs, together with an analysis of the benefits that we expect will arise if the proposed rules are made, and an estimate of those costs and benefits (see section 138I of FSMA).

- 6.9** In Consultation Paper (CP) [CP22/27](#) and [PS23/13](#), we provided an analysis of the costs and benefits we expected to arise from the notification and reporting requirements introduced for section 21 approvers of financial promotions. We noted that those affected by the new notification and reporting requirements would be any authorised firms obtaining permission to approve financial promotions for unauthorised firms, and all firms applying for Part 4A permissions which were also granted permission to approve financial promotions for unauthorised firms at the same time. Our proposal to remove the requirement for section 21 approvers to notify us of the approval of financial promotions relating to qualifying cryptoassets is aimed at reducing the burden on these firms. This analysis presents the expected impacts of our proposal.
- 6.10** Our proposals are designed to reduce unnecessary burden on firms, by decreasing the number of notifications they are expected to submit following approval of cryptoasset promotions. As a result, we anticipate that firms will incur benefits through a reduction in their administrative burden, which is an expected cost saving to them. We are satisfied that the proposed amendments do not increase costs to firms or consumers.
- 6.11** Since the publication of the rules in [PS23/13](#), 5 firms have been granted permission to approve financial promotions relating to cryptoassets, and are therefore currently subject to the notification and reporting requirements set out in [PS23/13](#). These 5 firms will benefit from our proposals as they would be required to submit fewer notifications to us under the revised rules. It is assumed that any future section 21 approver applicants will be subject to the rules set out in our proposals, rather than the existing rules introduced in [PS23/13](#). However, we expect that few firms will apply for the relevant approver permission before the upcoming cryptoasset regulations take full effect. Accordingly, no further firms have been included in our calculation of firm benefits.
- 6.12** To calculate the expected cost saving to firms over our standard 10-year appraisal period, we apply a similar methodology to that used in [CP22/27](#) to calculate the expected costs incurred by firms when submitting a notification to the FCA. We use the number of data notifications received between February 2024 and January 2026, from the existing population of cryptoasset section 21 approvers. During this time period, 816 data notifications were received from 3 firms that had been granted permission to approve financial promotions for cryptoassets. Since January 2026, 2 further firms have been granted permission. While the number of notifications submitted by these two firms is not accounted for in the analysis due to data limitations, we have assumed that they will also incur cost savings, as our proposals will also apply to these firms.
- 6.13** In [CP22/27](#), we assumed that a compliance officer at each firm would take between 30 and 60 minutes to complete a notification form. This assumption was based on discussions with FCA colleagues who created the forms to be completed for the notifications. To quantify the time saving benefit to firms, as a result of our proposals, we multiply the time currently spent by compliance officers (30 to 60 minutes) by the most recent number of notifications we have on record; for simplicity we assume 408 notifications in a given year, as 816 notifications were received over a 2-year period. Scaling this number up to be representative of five firms, and assuming that the number of notifications would remain around the same each year, we estimate 680 notifications per year. The resulting range for time saved over a one-year period is 20,400 to 40,800 minutes, per compliance officer, per firm.

- 6.14** To monetise these figures, we multiply the time saved in minutes (20,400 to 40,800 minutes) by the hourly cost of staff doing the work currently. We estimate the hourly rate of compliance officers using the Office for National Statistics' Annual Survey for Hours and Earnings, which we utilise for our Standardised Cost Model. Thus, we estimate a range of £57.74 to £61.96, for the hourly rate of compliance officers at the firms. Multiplying these figures by our estimates for time saved, we reach a range of £1.2m to £2.5m, for the total cost saving to firms per year. Over a 10-year appraisal period, discounted at our standard 3.5%, the total present value of this cost saving is expected to be between £10.1m and £21.8m.
- 6.15** Similarly, we anticipate that these proposals will benefit the FCA in the form of cost savings, as there is currently significant resource dedicated to reviewing submitted notifications. Amending the notification and reporting requirements in the manner we propose would substantially reduce the number of notifications requiring assessment by FCA staff, which would ensure that this resource could be reallocated to other activities. Given that the vast majority of the financial promotions for which we received notifications were compliant, our proposals ensure that we take a proportionate approach by reducing administrative burdens whilst retaining targeted protections.
- 6.16** With regards to monitoring the success of our proposals, it is advised that our team members record time spent on reviewing notifications going forward. This will enable a more effective analysis as to whether the changes have resulted in a measurable improvement to resourcing.

Impact on mutual societies

- 6.17** We are satisfied that the proposals in this chapter would not have a significantly different impact on mutual societies compared with other authorised persons. The relevant rules we propose to amend will apply, according to the powers exercised and to whom they are addressed, equally regardless of whether the firm is a mutual society or another authorised body.

Compatibility statement

- 6.18** When consulting on new rules, we are required by section 138I(2) of 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, so far as reasonably possible advances the competitiveness and growth objective, and has regard to the regulatory principles in section 3B of FSMA and of the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code. We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers. We are satisfied that any burdens or restrictions are proportionate to the expected benefits.

Equality and diversity

- 6.19** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment).
- 6.20** 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 meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 7

Update to RMA-M scheduling and guidance for completing FIN073

Introduction

- 7.1** This consultation is part of our Transforming Data Collection (TDC) work. We aim to simplify reporting and remove unnecessary burdens. We are proposing to add a note in the Handbook, making the scheduling rule simpler for Section M of the Retail Mediation Activities Return (RMA-M). We are also clarifying how the change, which we have already made, in the frequency of the FIN073 return applies in practice.
- 7.2** These proposals support our strategic objective by keeping reporting focused on information needed for markets to function well. This is our 5th consultation since April 2025 to streamline regulatory reporting and lessen the burden on firms by improving data collection processes. Overall, the feedback we received on our previous data decommissioning consultations remains positive. Firms and their representatives support the importance of reducing duplication and aligning with broader regulatory developments. This consultation continues to address these points.

Summary of proposals

- 7.3** We are making 2 proposals:
1. to add a note to SUP 16.12.23 clarifying scheduling rule for RMA-M
 2. to update SUP 16 Annex 54G guidance for completing FIN073

Section M of RMAR (RMA-M) – Pension Transfer Specialist Advice

- 7.4** In Consultation Paper (CP) [CP25/24](#), we consulted to change the reporting frequency of RMA-M from half-yearly to annual. [Handbook Notice 136](#) summarises this change.
- 7.5** We have since realised that there is a note missing from the scheduling rule for RMA-M. It is scheduled in accordance with a reporting period of 1 April to 31 March, and not in accordance with a firm's accounting reference date (ARD). Therefore, we propose adding a note setting out that it is to be scheduled in accordance with the 1 April to 31 March reporting period to avoid confusion. There will be no change or impact on firms' reporting schedules.

FIN073 - Baseline Financial Resilience Report

- 7.6** In December, we consulted on changing FIN073 return frequency to annual returns in CP25/35 and it was implemented on 1 April 2026 (see [Handbook Notice 139](#)). However, we note that firms' reporting periods are not the same and may be different from a calendar quarter or UK fiscal quarter. Qualifying firms see FIN073 return frequency updating as they complete their reporting period.
- 7.7** We propose to update SUP 16 Annex 53R and SUP 16 Annex 54G (guidance notes on the data items for FIN073) to cater for firms that meet the criteria to submit FIN073 annually. For firms that meet both of the following criteria:
- they submit Section A of the Retail Mediation Activities Return (RMA-A); and
 - they have annual revenue from regulated activities in scope of the Retail Mediation Activities Return (RMAR) of £150m or less

Question 7.1: Do you agree with our proposal to simplify scheduling rule for RMA-M? If not, please explain why.

Question 7.2: Do you agree with our proposal to clarify completion guidance for FIN073? If not, please explain why.

Rule Review Framework

- 7.8** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 7.9** Section 138L(3) of Financial Services and Markets Act 2000 (FSMA) gives an exemption from the requirement to produce a cost benefit analysis (CBA) in cases where we consider there will be no increase in cost or an increase in cost that will be of minimal significance.
- 7.10** The proposals in this chapter are about making a scheduling rule simpler and guidance notes for completing a return clearer. We expect our proposals to reduce the burden on firms and so require no new activity from them.

Impact on mutual societies

- 7.11** We have determined there will be no significant difference in the impact on mutual societies.

Compatibility statement

- 7.12** When consulting on new rules, we are required by section 138I(2) of 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 (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must promote effective competition when advancing our other operational objectives (section 1B(4) of FSMA), and have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006, the Regulators' Compliance Code and the Treasury's recommendations on economic policy (section 1JA of FSMA).
- 7.13** We are satisfied that the proposed amendments are compatible with our objectives and other legal obligations. The amendments are compatible with our strategic objective of ensuring relevant markets function well and advance our operational objective of promoting effective competition in the interests of consumers. We are satisfied that any burdens or restrictions are proportionate to the expected benefits. We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective.

Equality and diversity

- 7.14** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 7.15** 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 meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Annex 1

List of questions

- Question 2.1:** Do you agree with replacing public TCFD product reports with a more flexible approach tailored to the needs of retail investors? If not, please explain why and what alternative approach you would suggest.
- Question 2.2:** Do you foresee any practical or operational challenges with the proposed approach? If so, please specify which aspect and explain why.
- Question 2.3:** Do you agree that all products in scope of the current TCFD product reporting rules should be subject to the proposed rules for communicating with institutional clients? If not, please explain why and what alternative approach you would suggest.
- Question 2.4:** Do you agree with reducing the metrics to scope 1, 2 and 3 GHG emissions data (at a minimum) and the supporting guidance? If not, please explain which aspect you disagree with, why, and what alternative approach you would suggest.
- Question 2.5:** Do you agree with the proposed consequential amendments? If not, please specify which amendments you disagree with, why, and what alternative approach you would suggest.
- Question 3.1:** Do you agree that the fees of cryptoasset firms in fee-block A.26 should be based on regulated income, using our standard definition of income in FEES 4 Annex 11A?
- Question 3.2:** Do you agree that annual income relating to firm's 'relevant business' is an appropriate tariff base for the retail-facing cryptoasset activities listed in Table 2? If not, what alternative tariff base would you propose?

- Question 3.3:** Do you agree with our proposal to apply a flat fee to firms dealing in qualifying cryptoassets as principal, including the provisionally proposed level of £75? If not, what alternative tariff base would you propose?
- Question 3.4:** Do you agree with our proposal to apply a flat fee to stablecoin issuance activities, including the provisionally proposed level of £75?
- Question 3.5:** Do you agree that the existing reporting requirement on the activities which will use the annual income tariff base will be sufficient for firms to identify and report annual income derived from 'relevant business'?
- Question 4.1:** Do you agree with our approach to amending UK CRR references in the FCA Handbook and Glossary of definitions? If not, please explain why and if you have other considerations.
- Question 4.2:** Do you agree with our approach to amending Glossary definitions derived from the UK CRR?
- Question 4.3:** Do you agree with our approach to amending non-UK CRR definitions with UK CRR references in the FCA's Glossary?
- Question 4.4:** Do you agree with our approach to clarifying the definition of UK CRR in the FCA's Glossary?
- Question 4.5:** Do you agree with our approach to explaining the applicable version of the UK CRR as of certain dates?
- Question 4.6:** Do you agree with our proposal for the definition of 'non-performing exposure' in the FCA's Glossary?
- Question 5.1:** Do you agree with our proposal to allow UCITS schemes and NURS to hold cETNs? If not, please explain why.
- Question 5.2:** Do you agree with our proposal to limit exposure to cETNs in UCITS schemes and NURS to 10% of the value of scheme property? If not, please explain why.

- Question 5.3:** Do you agree with our proposal to prohibit LTAF and NURS operating as FAIFs from holding cETNs, and that no limits should be applied in respect of QIS? If not, please explain why.
- Question 6.1:** Do you agree with our proposal to remove the requirement for section 21 approvers to notify us of the approval of financial promotions relating to qualifying cryptoassets other than in the circumstances described in paragraph 6.4?
- Question 7.1:** Do you agree with our proposal to simplify scheduling rule for RMA-M? If not, please explain why.
- Question 7.2:** Do you agree with our proposal to clarify completion guidance for FIN073? If not, please explain why.

Annex 2

Abbreviations used in this paper

Abbreviation	Description
ARD	Accounting reference date
CBA	Cost benefit analysis
CCI	Consumer Composite Investment
cETNs	Cryptoasset exchange traded notes
CJ	Compulsory Jurisdiction
COBS	Conduct of Business sourcebook
COLL	Collective Investment Schemes sourcebook
CP	Consultation Paper
DISC	Product Disclosure sourcebook
EMR	Electronic Money Regulations 2011
ENFG	Enforcement Guide
ESG	Environmental, Social and Governance sourcebook
ETN	Exchange traded note
FEES	Fees manual
FSMA	Financial Services and Markets Act 2000
FSMA 2023	Financial Services and Markets Act 2023
GENPRU	General Prudential sourcebook
GHG	Greenhouse gas
HMT	HM Treasury
IFG	Investment firm group
LTAf	Long-Term Asset Fund
MIFIDPRU	Prudential sourcebook for MiFID Investment Firms
NMMI	Non-mass market investment

Abbreviation	Description
NURS	Non-UCITS retail schemes
PRA	Prudential Regulation Authority
PS	Policy Statement
PSR	Payment Services Regulations 2017
QIS	Qualified Investor Scheme
RCB	Regulated Covered Bonds sourcebook
RIE	Recognised Investment Exchange
RMA-A	Section A of the Retail Mediation Activities Return
RMA-M	Section M of the Retail Mediation Activities Return
RMAR	Retail Mediation Activities Return
RMMI	Restricted mass market investment
SDR	Sustainability Disclosure Requirements
SECN	Securitisation sourcebook
SUP	Supervision manual
SYSC	Senior Management Arrangements, Systems and Controls sourcebook
TCFD	Taskforce on Climate-related Financial Disclosures
TDC	Transforming Data Collection
UK CRR	UK Capital Requirements Regulation

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Appendix 1

Simplifying climate disclosure requirements for investment products

**DISCLOSURE OF CLIMATE-RELATED FINANCIAL INFORMATION
(ASSET MANAGER AND ASSET OWNER) (AMENDMENT) INSTRUMENT 2026**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137R (Financial promotion rules);
 - (c) section 137T (General supplementary powers);
 - (d) section 139A (Power of the FCA to give guidance);
 - (e) section 247 (Trust scheme rules);
 - (f) section 248 (Scheme particulars rules);
 - (g) section 261I (Contractual scheme rules); and
 - (h) section 261J (Contractual scheme particulars rules);
 - (2) article 1(2) (Citation, commencement, interpretation and extent) of the Financial Services and Markets Act 2000 (Claims Management Activity) Order 2018 (SI 2018/1253);
 - (3) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (4) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- 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 modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below.

(1)	(2)
Glossary of definitions	Annex A
Environmental, Social and Governance sourcebook (ESG)	Annex B
Collective Investment Schemes sourcebook (COLL)	Annex C

Citation

- E. This instrument may be cited as the Disclosure of Climate-Related Financial Information (Asset Manager and Asset Owner) (Amendment) Instrument 2026.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

Delete the following definitions. The text is not shown as struck through.

<i>climate-related reports</i>	any report produced under <i>ESG 2</i> .
<i>on-demand TCFD information</i>	an <i>on-demand TCFD product report</i> or <i>underlying asset data</i> .
<i>on-demand TCFD product report</i>	<p>a report produced in accordance with <i>ESG 2.3</i> for a <i>person</i> who is entitled to such information under <i>ESG 2.3.5R</i> in respect of:</p> <ol style="list-style-type: none"> (1) the <i>investments</i>, including rights to or interests in <i>investments</i>, in respect of which the <i>firm</i> provides <i>portfolio management</i> to that <i>person</i>; or (2) assets under management in an <i>unauthorised AIF</i> in which the <i>person</i> is an investor, but only in respect of an <i>unauthorised AIF</i> managed by a <i>UK AIFM</i> which is not listed on a <i>recognised investment exchange</i>.
<i>public TCFD product report</i>	<p>a <i>report</i> produced in accordance with <i>ESG 2.3</i> in respect of any of the following, insofar as it is a <i>TCFD product</i>:</p> <ol style="list-style-type: none"> (1) an <i>authorised fund</i>; (2) a <i>with-profits fund</i>; (3) a <i>linked fund</i>; (4) a <i>pre-set investment portfolio</i>; (5) a <i>closed-ended investment fund</i>; or (6) an <i>unauthorised AIF</i> managed by a <i>UK AIFM</i> that is listed on a <i>recognised investment exchange</i>; this includes an <i>investment trust</i>.
<i>TCFD product</i>	<p>any of the following:</p> <ol style="list-style-type: none"> (1) an <i>authorised fund</i> but: <ol style="list-style-type: none"> (a) excluding an <i>authorised fund</i> which is a <i>feeder UCITS</i> or a <i>feeder AIF</i>; and (b) where the <i>authorised fund</i> is an <i>umbrella scheme</i>, each <i>sub-fund</i> of the <i>umbrella</i> is considered to be a <i>TCFD product</i>;

- (2) in relation to an *insurance-based investment product, personal pension scheme, stakeholder pension scheme or SIPP* provided or operated by an *insurer* or *pure reinsurer*:
- (a) *with-profits fund*;
 - (b) *linked fund*; or
 - (c) *a pre-set investment portfolio*;
- (3) in relation to a *personal pension scheme, stakeholder pension scheme or SIPP* operated by a *firm* which is not an *insurer* or *pure reinsurer*:
- (a) *an authorised fund*;
 - (b) *a closed-ended investment fund*; or
 - (c) *a pre-set investment portfolio*;
- (4) an agreement or arrangement under which a *firm* provides the *client* with *portfolio management*; and
- (5) an *unauthorised AIF* managed by a *full-scope UK AIFM* or a *small authorised UK AIFM*, unless it is:
- (a) a closed-ended *AIF* that makes no additional investments after 22 July 2013 (see regulation 74(1) of the *AIFMD UK Regulation*);
 - (b) a *SEF*; or
 - (c) an *RVECA*.

TCFD product report a *public TCFD product report* or an *on-demand TCFD product report*.

underlying asset data basic data on asset holdings underlying a *TCFD product*, including unique security ID such as ISIN, name, holding size, and current price or valuation, as reasonably required by the relevant *person* to produce their own amalgamated scenario analysis and otherwise satisfy their own disclosure obligations in relation to climate-related financial information.

Annex B

Amendments to the Environmental, Social and Governance sourcebook (ESG)

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

1 Purpose and application

1.1 Purpose and application

Purpose

...

1.1.2 G *ESG 1A and ESG 2 contain rules and guidance regarding the disclosure of climate-related financial information ~~consistent with TCFD Recommendations and Recommended Disclosures.~~*

1.1.3 G The disclosure requirements within *ESG 2* relate to either the assets that a *firm* manages or administers generally, published in a *TCFD entity report*, or assets that a *firm* manages relating or corresponding to particular financial products or services, disclosed ~~via *TCFD product reports*~~ in communications to *clients*.

...

1.1.4 G The ~~TCFD-related~~ climate-related disclosures are intended to help meet the information needs of market participants, including a *firm's* institutional *clients* (e.g. pension trustees, employers and corporate investors) and *consumers* of their products (e.g. pension scheme members and ~~retail investors~~ retail clients), in relation to the climate-related impact and risks of a *firm's TCFD in-scope business*.

...

1.1.5 G The *FCA* recognises that at least for a transitional period there may be data and methodological challenges. Nevertheless, we expect *firms* to provide sufficient information to *clients* and *consumers*. *Firms* should still disclose metrics and quantitative examples to demonstrate their approach to climate-related scenario analysis ~~or examples~~ in accordance with the *rules* in this sourcebook where such disclosure would remain fair, clear and not misleading. *Firms* should also appropriately explain any limitations on their ability to disclose and the steps being taken to address those limitations.

1.2 General application

...

1.2.4 G ...

(2) This table belongs to *ESG 1.2.4G(1)*.

Type of firm		Applicable provisions
...		
Asset managers		
A firm managing a UK UCITS or an AIF, excluding:		ESG 2 (except for ESG 2.3.5R to ESG 2.3.8R relating to on-demand TCFD information);
(a)	a firm managing a feeder fund; or	ESG 4 (except for ESG 4.1.16R to ESG 4.1.19R relating to distributors) only in relation to UK UCITS and UK AIFs;
(b)	a full-scope UK AIFM or a small authorised UK AIFM managing an unauthorised AIF not listed on a recognised investment exchange;	ESG 5 (except for ESG 5.5.13R to ESG 5.5.15R relating to on demand sustainability information) only in relation to UK UCITS and UK AIFs.
...		
A firm that is a full-scope UK AIFM or a small authorised UK AIFM managing an unauthorised AIF not listed on a recognised investment exchange		<p>ESG 2 (except for <u>ESG 2.3.1R</u> <u>ESG 2.3.1AR</u> to <u>ESG 2.3.4R</u> <u>ESG 2.3.1CG</u> relating to a public TCFD product report the rules for communicating with retail clients);</p> <p>ESG 4 (except for ESG 4.1.16R to ESG 4.1.19R relating to distributors) only in relation to UK AIFs;</p> <p>ESG 5 (except in relation to the preparation of Part B of a public product-level sustainability report) only in relation to UK AIFs.</p>
<u>A firm providing portfolio management</u>		<p><u>ESG 2 (except for ESG 2.3.1AR to ESG 2.3.1CG relating to the rules for communicating with retail clients);</u></p> <p><u>ESG 4.1.1R(1);</u></p> <p><u>ESG 4.3.1R.</u></p>
Asset owners		
A firm in table ESG 1A.1.1R(2), Part B		<p>ESG 2 (except for ESG 2.3.5R to ESG 2.3.8R relating to on-demand TCFD information);</p> <p>ESG 4.1.1R(1);</p>

	ESG 4.3.1R.
--	-------------

...

2 Disclosure of ~~climate-related~~ climate-related financial information

2.1 Preparation of ~~climate-related~~ TCFD entity reports

Application

- 2.1.1 R (1) A *firm* (excluding an *OPS firm*) must prepare and publish its *TCFD entity report* ~~and any public TCFD product reports~~ by 30 June of each calendar year.
- (2) If a *firm* (including an *OPS firm*) receives a request for *on-demand TCFD information* from a *person* who is entitled to make such request under *ESG 2.3.5R*, it must prepare and provide the *on-demand TCFD information* to the *person* within a reasonable period of time and in a format which the *firm*, acting reasonably, considers appropriate to meet the information needs of that *person*. ~~[deleted]~~
- 2.1.2 R ...
- (3) A *firm* must adopt a calculation date within the 12-month reporting period covered by the *TCFD entity report* in calculating any metrics and targets either for inclusion in its ~~*TCFD entity report*~~ or its ~~*TCFD product reports*~~ that report.

Publication of ~~climate-related~~ TCFD entity reports

- 2.1.3 R A *firm* must take all reasonable steps to publish its *TCFD entity report* ~~and its public TCFD product reports~~ in a way that makes it easy for prospective readers to locate and access, including, as a minimum, by making the most recent of these reports available in a prominent place on the main website for the business of the *firm*.

...

Consistency with TCFD Recommendations and Recommended Disclosures when preparing ~~climate-related~~ TCFD entity reports

- 2.1.5 R A *firm* must ensure the climate-related financial disclosures in its ~~*climate-related reports*~~ *TCFD entity report* are consistent with the *TCFD Recommendations and Recommended Disclosures*, unless otherwise specified by *rules* in this chapter.
- 2.1.6 R In complying with *ESG 2.1.5R*, a *firm* must take reasonable steps to ensure its climate-related financial disclosures also reflect the following materials, to the extent they are relevant to the *firm's* ~~*climate-related reports*~~ *TCFD entity report*:

...

...

Data considerations when preparing climate-related TCFD entity reports

...

2.1.9 R ~~In preparing a *TCFD product report* or *underlying asset data*, a firm must select, from within the 12-month reporting period, the most recent calculation date for which up to date information is available. [deleted]~~

2.1.10 R ~~A firm must not disclose metrics or quantitative examples to demonstrate their approach to climate-related scenario analysis or examples where:~~

...

2.1.11 G (1) The *FCA* expects a *firm* to make climate-related financial disclosures in its ~~*climate-related reports*~~ *TCFD entity report* consistent with the *TCFD Recommendations and Recommended Disclosures* using proxy data or assumptions to address gaps in underlying data and methodological challenges, as appropriate, and should only omit disclosures in accordance with *ESG 2.1.10R*.

...

2.1.12 R In addition, a *firm* must ensure its ~~*climate-related report*~~ *TCFD entity report* includes an adequate explanation of:

...

2.1.13 G ~~In addition, a firm may include in its *climate-related report* an explanation of the proportion of each *TCFD product* for which data are verified, reported, estimated or unavailable. [deleted]~~

Cross-referencing climate-related financial disclosures

2.1.14 R ...

(3) ~~An insurer or pure reinsurer which operates *linked funds* which mirror funds operated by a third party (but which are not close-matched by an insurer's or pure reinsurer's direct investment in that third party's fund) must consider the extent to which it is appropriate to rely wholly or partly on disclosures by that third party. [deleted]~~

2.1.15 R ~~Where relevant, a firm may also draw links and make reference to its *TCFD product report* from its *TCFD entity report* and vice versa. [deleted]~~

2.2 TCFD entity report

Content of a TCFD entity report

2.2.1 R ...

- (2) ~~A firm must explain, either in its TCFD entity report or in a cross-referenced TCFD product report, where its approach to a particular investment strategy, asset class or product is materially different to its overall entity level approach to governance, strategy or risk management under the TCFD Recommendations and Recommended Disclosures.~~

...

...

2.3 Product-level reporting

~~Public TCFD product reports~~ Communicating with retail clients

2.3.1 R ~~In addition to the publishing obligation in ESG 2.1.3R, a firm, other than a UK AIFM to which ESG 2.3.2R applies, must include its public TCFD product report, or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in any one of the following communications which follow most closely after the annual reporting deadline of 30 June, as applicable: [deleted]~~

- (1) ~~the annual report or half-yearly report of an authorised fund as required under COLL 4.5.3R, COLL 8.3.5R or COLL 15.5.2R, provided that its public TCFD product report, or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, is always included in the annual report;~~
- (2) ~~a periodic client report under COBS 16.3.1R, COBS 16.4.1R, COBS 16A.4.2AR or COBS 16A.5.1R;~~
- (3) ~~a report to with profits policyholders under COBS 20.4.7R; or~~
- (4) ~~an annual pension benefit statement or an annual drawdown pension statement under COBS 16.6.8R.~~

2.3.1A R ESG 2.3.1BR to ESG 2.3.1CG apply to a firm which is undertaking TCFD in-scope business under ESG 1A.1.1R for a retail client, either:

- (1) in relation to managing an authorised fund that is not a feeder fund. This includes, where the authorised fund is an umbrella scheme, each sub-fund within that umbrella;
- (2) as an insurer or pure reinsurer, in relation to providing or operating an insurance-based investment product, personal pension scheme, stakeholder pension scheme or SIPP with respect to:
- (a) a with-profits fund;

- (b) a linked fund; or
 - (c) a pre-set investment portfolio;
 - (3) otherwise than as an insurer or pure reinsurer, in relation to operating a personal pension scheme, stakeholder pension scheme or SIPP with respect to:
 - (a) an authorised fund;
 - (b) a closed-ended investment fund; or
 - (c) a pre-set investment portfolio; or
 - (4) in relation to managing an unauthorised AIF which is listed on a recognised investment exchange (including an investment trust) unless it is:
 - (a) a closed-ended AIF that makes no additional investments after 22 July 2013 (see regulation 74(1) of the AIFMD UK Regulation);
 - (b) a SEF; or
 - (c) an RVECA.
- 2.3.1B R (1) A firm must periodically consider whether climate-related risks and/or opportunities could be materially relevant to the financial performance or return of a product set out at ESG 2.3.1AR.
- (2) Where a firm identifies such risks and/or opportunities at (1), it must disclose these in communications that are intended for retail clients and that provide general information on risk and financial returns.
- 2.3.1C G (1) A firm's obligations under ESG 2.3.1BR(1) may be met as part of its usual risk assessment procedures.
- (2) For the purposes of ESG 2.3.1BR(2), a firm may, where applicable, choose to disclose climate-related risks and/or opportunities as part of the risk and return information contained in a product summary.
- 2.3.2 R ~~A UK AIFM that manages an unauthorised AIF listed on a recognised investment exchange must include its public TCFD product report, or an adequately contextualised and prominent cross-reference and hyperlink to this report, in its TCFD entity report. [deleted]~~
- 2.3.3 R ~~A firm is not required to prepare a public TCFD product report in respect of a product which is a wrapper, provided that it has issued public TCFD product reports for the TCFD products available within the relevant wrapper. [deleted]~~

- 2.3.4 R ~~A firm is not required to prepare a TCFD product report in respect of an authorised fund, or where the authorised fund is an umbrella scheme the relevant sub-fund, which is in the process of winding up or termination. [deleted]~~

~~On-demand TCFD product reports and underlying data~~ Communicating with institutional clients

- 2.3.4A R ESG 2.3.5R to ESG 2.3.8AG apply to a firm which is undertaking TCFD in-scope business under ESG 1A.1.1R for a client or a person in relation to:

- (1) the products a firm manages, operates or provides under ESG 2.3.1AR;
- (2) the investments, including rights to or interests in investments in respect of which a firm provides portfolio management to a client; or
- (3) the assets under management in an unauthorised AIF in which a person is an investor in respect of an unauthorised AIF managed by a full-scope UK AIFM or a small authorised UK AIFM which is not listed on a recognised investment exchange.

- 2.3.5 R (1) ~~A firm must comply with ESG 2.1.1R(2) ESG 2.3.5R(2) with respect to a request from a client or a person who requires on-demand TCFD information for climate-related information in order to satisfy that client's or person's climate-related financial disclosure obligations, whether under this chapter or as a result of other legal or regulatory requirements.~~
- (2) ~~On receipt of a request from a client or a person under (1), a firm must provide on-demand TCFD information as at a calculation date determined in accordance with ESG 2.1.9R or at an alternative calculation date where this has been agreed between the client and the firm prepare and provide, at a minimum, data on scope 1, 2 and 3 greenhouse gas emissions as required to meet the client's or person's climate-related financial disclosure obligations.~~
- (3) ~~The request by a client in (1) may be made no earlier than 1 July 2023 in respect of any reporting period of the firm under ESG 2.1.2R(1) which starts after 1 January 2022 or, if later, with effect from the reporting period in which the client's arrangements with the firm concerning the TCFD product commenced; [deleted]~~
- (4) ~~This rule also applies in respect of a person who is an investor in an unauthorised AIF managed by a UK AIFM which is not listed on a recognised investment exchange. [deleted]~~

- 2.3.6 R ~~The entitlement in ESG 2.3.5R(1) is limited to one request for an on-demand TCFD product report or underlying asset data or both in respect of each TCFD product in each of the firm's reporting periods under ESG 2.1.2R(1)~~

climate-related information for each of the products a *firm* operates, manages or provides under ESG 2.3.4AR per calendar year.

- 2.3.7 R ~~A *firm* is encouraged to consider, where practicable, making available to a *client* disclosures broadly equivalent to an *on-demand TCFD product report* irrespective of the *client's* eligibility to request such report under ESG 2.3.5R. [deleted]~~
- 2.3.7A G A *firm* should provide the information to a *client* or a *person* under ESG 2.3.5R within a reasonable period of time and in a format in which the *firm*, acting reasonably, considers appropriate to meet the information needs of that *client* or *person*.
- 2.3.8 ~~R~~ G If a *client* or a *person* in ESG 2.3.5R requests additional climate or carbon-related data which are reasonably required in order to satisfy climate-related financial disclosure obligations, a *firm* ~~must~~ should provide the data if doing so is reasonably practicable and permitted under any contractual arrangements governing the *firm's* use of the data.
- 2.3.8A G A *firm* should not disclose climate-related information to a *client* or a *person* where:
- (1) there are gaps in the underlying data or methodological challenges; and
 - (2) those gaps or challenges cannot be addressed using proxy data or assumptions without the resulting information, in the reasonable opinion of the *firm*, being misleading.

Content of TCFD product reports

- 2.3.9 R (1) ~~A *firm* must include in its *TCFD product report* for each *TCFD product* information according to the following metrics, using the calculations contained in the *TCFD Annex* and having regard to the *TCFD Guidance on Metrics, Targets, and Transition Plans*, as relevant: [deleted]~~
- ~~(a) scope 1 and 2 greenhouse gas emissions;~~
 - ~~(b) scope 3 greenhouse gas emissions;~~
 - ~~(c) total carbon emissions;~~
 - ~~(d) total carbon footprint; and~~
 - ~~(e) weighted average carbon intensity.~~
- (2) ~~A *firm's* *TCFD product report* must also include:~~
- ~~(a) relevant contextual information such as explaining how the metrics should be interpreted and their associated limitations;~~

for example, if particular assumptions or proxies have been used;

- (b) historical annual calculations of the metrics in (1), after the first year of preparing a *TCFD product report*; and
- (c) any disclosures under the Governance, Strategy and Risk Management recommendations under the *TCFD Recommendations and Recommended Disclosures*, where the *firm's* approach in relation to a *TCFD product* materially deviates from the *firm's* overarching approach disclosed in the *firm's TCFD entity report*.

2.3.10 R If a *firm* discloses material deviations under *ESG 2.3.9R(2)(c)*, it may refer to the relevant sections of its *TCFD entity report*, and similarly its *TCFD entity report* may refer to these disclosures in the *TCFD product report*.
[deleted]

2.3.11 R (1) Where a *TCFD product report* relates to a *TCFD product* that has concentrated exposures or high exposures to carbon intensive sectors, the *firm* must describe these and disclose: [deleted]

- (a) a qualitative summary of how climate change is likely to impact the assets underlying the relevant *TCFD product* under 'orderly transition', 'disorderly transition' and 'hothouse world' scenarios;
- (b) a discussion of the most significant drivers of impact on that *TCFD product*; and
- (c) a quantitative analysis of 'orderly transition', 'disorderly transition' and 'hothouse world' scenarios.

(2) Where a *firm* manages *TCFD products* that do not have concentrated exposures or high exposures to carbon intensive sectors, a *firm* must still make the disclosures under (1)(a) and 1(b).

(3) For the purposes of (1)(a) and 1(c):

- (a) 'orderly transition' scenarios assume climate policies are introduced early and become gradually more stringent, reaching global net zero CO₂ emissions around 2050 and likely limiting global warming to below 2 degrees Celsius on pre-industrial averages;
- (b) 'disorderly transition' scenarios assume climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on pre-industrial averages; and

- (e) ~~‘hothouse world’ scenarios assume only currently implemented policies are preserved, current commitments are not met and emissions continue to rise, with high physical risks and severe social and economic disruption and failure to limit temperature rise.~~

- 2.3.12 R (1) ~~Where a *firm* prepares a *public TCFD product report* in relation to a *default arrangement* or other fund in a *qualifying scheme* which uses life-styling or differing target retirement dates for different cohorts of members, a *firm* may calculate the information in *ESG 2.3.9R* to *ESG 2.3.11R* and, where relevant, *ESG 2.3.13R*, in relation to the most representative member profile in that *default arrangement* or fund. [deleted]~~
- (2) ~~However, where relevant, the *firm* must include a qualitative explanation in its *public TCFD product report* of how this information might vary between cohorts.~~

Other elements of a TCFD product report

- 2.3.13 R ~~When preparing a *TCFD product report*, a *firm* must, as far as reasonably practicable, also include the following calculations for each *TCFD product*: [deleted]~~
- (1) ~~climate value at risk;~~
- (2) ~~metrics that show the climate warming scenario with which a *TCFD product* is aligned, such as using an implied temperature rise metric.~~
- 2.3.14 G ~~A *firm* may also disclose in a *TCFD product report* any other metrics that the *firm* considers an investor will find useful when deciding whether to select a particular *TCFD product* (including metrics set out in the *TCFD Annex* and under *ESG 2.3.9R* calculated in accordance with recognised alternative methodologies). However, to the extent that a *firm* chooses to disclose such metrics, it should clearly explain the methodology used in providing each relevant metric and ensure that the metrics calculated under *ESG 2.3.9R* in accordance with the *TCFD Annex* are at least as prominently presented. [deleted]~~

...

5 Disclosure of sustainability-related information

...

5.4 Preparation of sustainability reports

...

- 5.4.4 R ~~A *manager* must, where it is required to prepare a *public TCFD product report*, include the contents of that report (or a hyperlink to it) in Part B of a~~

~~public product-level sustainability report, making clear that the public TCFD product report forms part of the manager's overall Part B of a public product-level sustainability report with respect to climate-related disclosures. [deleted]~~

...

5.5 Sustainability product-level reporting

...

Form and content of Part B of a public product-level sustainability report

- 5.5.5 R (1) ~~ESG 2.3.1R and ESG 2.3.3R to ESG 2.3.4R~~ apply for the purposes of a manager preparing Part B of a public product-level sustainability report, where the reference to 'public TCFD product report' is substituted with the reference to 'public product-level sustainability report'. A manager, other than a full-scope UK AIFM or a small authorised UK AIFM to which ESG 5.5.5R(1A) applies, must:
- (a) include its public product-level sustainability report, or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the manager's website, in the annual report or half-yearly report of an authorised fund (as required under COLL 4.5.3R, COLL 8.3.5R or COLL 15.5.2R) which follows most closely after the publication of the public product-level sustainability report; and
 - (b) ensure that its public product-level sustainability report, or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, is always included in the authorised fund's annual report.
- (1A) A manager is not required to prepare a public product-level sustainability report in respect of a product which is a wrapper, provided that it has issued public product-level sustainability reports for the sustainability products available within the relevant wrapper.
- (1B) A manager is not required to prepare a public product-level sustainability report in respect of an authorised fund – or, where the authorised fund is an umbrella scheme, the relevant sub-fund – which is in the process of winding up or termination.

...

...

TP 1 Transitional provisions

(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
...						
1.3	<i>ESG 2.1.1R(1)</i>	R	(1)	For a <i>firm</i> to whom the disapplication in <i>ESG TP 1.1</i> or <i>ESG TP 1.2</i> is available, the first publication deadline for a <i>TCFD entity report</i> and a <i>public TCFD product report</i> is 30 June 2024.	From 1 January 2022	Effective date of instrument
...			...			
1.5	<i>ESG 2.3.5R(3)</i>	R	For a <i>firm</i> to whom the disapplication in <i>ESG TP 1.1</i> or <i>ESG TP 1.2</i> is available,		From 1 January 2022	Effective date of instrument
			(a)	the earliest reporting period for which a person can request <i>on-demand TCFD information</i> is to commence from 1 January 2023, and		
			(b)	the earliest a person can		

				request <i>on-</i> <i>demand TCFD</i> <i>information is 1</i> July 2024. [deleted]		
...						

Annex C

Amendments to the Collective Investment Schemes sourcebook (COLL)

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

4 Investor Relations

...

4.5 Reports and accounts

...

Contents of the annual long report

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

...

(f) ~~subject to COLL 4.5.7R(1)(g), its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ESG 2.3.1R; [deleted]~~

...

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

(a) for each *sub-fund*:

...

(iv) ~~subject to COLL 4.5.7R(2)(a)(v), its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the *firm's* website, in accordance with ESG 2.3.1R; [deleted]~~

...

...

...

...

Contents of the half-yearly long report

- 4.5.8 R (1) A half-yearly long report on an *authorised fund*, other than for a *scheme* which is an *umbrella*, must contain:
- ...
- (b) the report of the *authorised fund manager* in accordance with *COLL 4.5.9R* (Authorised fund manager’s report); and
 - (c) ~~subject to *COLL 4.5.8R(1)(d)*, its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report’s location on the *firm’s* website in accordance with *ESG 2.3.1R*, where the half yearly long report most closely follows the reporting deadline of 30 June, under *ESG 2.1.1R(1)*; and [deleted]~~
- ...
- (2) A half-yearly long report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:
- (a) for each *sub-fund*:
 - ...
 - (ii) the report of the *authorised fund manager* in accordance with *COLL 4.5.9R*; and
 - (iii) ~~subject to *COLL 4.5.8R(2)(iv)*, its *public TCFD product report* or an adequately contextualised and prominent cross-reference and hyperlink to the report’s location on the *firm’s* website, in accordance with *ESG 2.3.1R*, where the half-yearly long report most closely follows the reporting deadline of 30 June, under *ESG 2.1.1R(1)*; and [deleted]~~
 - ...
- ...

8 Qualified investor schemes

...

8.3 Investor relations

...

Contents of the annual report

- 8.3.5A R (1) An annual report, other than for a *scheme* which is an *umbrella*, must contain:
- ...
- (e) ~~subject to COLL 8.3.5AR(1)(d), its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R; [deleted]~~
- ...
- (2) An annual report on a *scheme* which is an *umbrella* must be prepared for the *umbrella* as a whole and must contain:
- (a) for each *sub-fund*:
- ...
- (iv) ~~subject to COLL 8.3.5AR(2)(v), its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R; [deleted]~~
- ...
- ...
- ...

Contents of the half-yearly report

- 8.3.5B R (1) A half-yearly report on an *authorised fund* or *sub-fund* must contain:
- ...
- (b) the report of the *authorised fund manager* in accordance with COLL 8.3.5CR; and
- (c) ~~subject to COLL 8.3.5BR(1)(d), its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to where the report's location on the firm's website, in accordance with ESG 2.3.1R, where the half-yearly report most closely follows the reporting deadline of 30 June, under ESG 2.1.1R(1); and [deleted]~~
- ...
- ...

...

15 Long-term asset funds

...

15.5 Annual report and investor relations

...

Contents of the annual report

15.5.3 R (1) An annual report, other than for a *scheme* which is an *umbrella*, must contain:

...

(f) ~~subject to COLL 15.5.3R(1)(g), its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to where the report's location on the firm's website, in accordance with ESG 2.3.1R; [deleted]~~

...

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

(a) for each *sub-fund*:

...

(iv) ~~subject to COLL 15.5.3R(2)(v), its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on firm's website, in accordance with ESG 2.3.1R; [deleted]~~

...

...

...

...

Contents of the half-yearly report

15.5.5 R (1) A half-yearly report on an *authorised fund* or *sub-fund* must contain:

...

(b) the report of the *authorised fund manager* in accordance with COLL 15.5.6R; and

- (c) ~~subject to COLL 15.5.5R(1)(d) its public TCFD product report or an adequately contextualised and prominent cross-reference and hyperlink to the report's location on the firm's website, in accordance with ESG 2.3.1R, where the half-yearly report most closely follows the reporting deadline of 30 June, under ESG 2.1.1R(1); and [deleted]~~

...

...

...

Appendix 2

Annual fees and levies for cryptoasset firms

CRYPTOASSET ACTIVITIES (PERIODIC FEES) INSTRUMENT 2026

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) 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 137T (General supplementary powers);
 - (2) section 234 (Industry funding); and
 - (2) paragraph 23 (Fees) in Part 3 (Penalties and fees) of Schedule 1ZA (The Financial Conduct Authority).
- 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 Fees manual (FEES) is amended in accordance with the Annex to this instrument.

Notes

- E. In the Annex to this instrument, the notes (indicated by “*Editor’s note:*”) are included for the convenience of the reader but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Cryptoasset Activities (Periodic Fees) Instrument 2026.

By order of the Board
[*date*]

Annex

Amendments to the Fees manual (FEES)

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

[*Editor’s note:* This Annex takes into account the proposals and legislative changes suggested in the consultation papers ‘Regulatory fees and levies: policy proposals for 2026/27’ (CP25/33), ‘Application of FCA Handbook for Regulated Cryptoasset Activities II’ (CP26/4), ‘FCA regulated fees and levies: rates proposals for 2026/27’ (CP26/11) and ‘Cryptoasset Perimeter Guidance’ (CP26/13) as if they were made final.]

4 Periodic fees

...

4.2 Obligation to pay periodic fees

...

4.2.7K R ...

Table A: calculating tariff data for second and subsequent years of authorisation when full trading figures are not available

Fee-block	Tariff base	Calculation where trading data are not available
...		
A.25	...	
<u>A.26 Cryptoasset activities</u>	<u>Annual income for the financial year ended in the calendar year ending 31 December</u>	<u>Apply the formula (A÷B) x 12 to arrive at the annualised figure.</u>
...		

...

**4 Annex FCA activity groups, tariff bases and valuation dates
1AR**

Part 1

This table shows how the *FCA* links the activities (for which a *firm* has *permission* or designation) to activity groups (fee-blocks). A *firm* can use the table to identify which fee-blocks it falls into based on its *permission* or its other activities.

Activity group	Fee payer falls in the activity group if:
...	
A.26 Cryptoasset activities	<p>its permission includes one or more of the following:</p> <ul style="list-style-type: none"> –Arranging deals in qualifying cryptoassets; –Dealing in qualifying cryptoassets as agent; –Qualifying cryptoasset staking; –Dealing in qualifying cryptoassets as principal; –Safeguarding qualifying cryptoassets and relevant specified investment cryptoassets; –Issuing qualifying stablecoin; or –Operating a qualifying cryptoasset trading platform. <p><u>it is an authorised cryptoasset firm.</u></p>
...	

...

Part 3

This table indicates the tariff base for each fee-block set out in Part 1.

The tariff base in this Part is the means by which the *FCA* measures the amount of business conducted by a *firm* for the purposes of calculating the annual periodic fees payable to the *FCA* by that *firm*.

Activity group	Tariff base
...	
A.25	...

<u>A.26</u>	<u>ANNUAL INCOME</u> <u>Annual income as defined in FEES 4 Annex 11AR.</u>
...	

...

Part 5

This table indicates the valuation date for each fee-block. A *firm* can calculate its tariff data in respect of fees payable to the *FCA* by applying the tariff bases set out in Part 3 with reference to the valuation dates shown in this table.

Activity group	Valuation date
...	
A.25	...
<u>A.26</u>	<u>Annual income for the financial year ended in the calendar year ending 31 December.</u>
...	

4 Annex 2AR FCA Fee rates for the period from 1 April 2026 to 31 March 2027

Part 1

This table shows the tariff rates applicable to each of the fee blocks set out in Part 1 of *FEES 4 Annex 1AR*.

...

Activity group	Fee payable	
...		
A.25
<u>A.26</u>	<u>Band width (£ thousands of annual income (AI))</u>	<u>Fee (£/£ thousand or part thousand of AI)</u>

	<u>>100</u>	<u>£0</u>
...		

...

...

4 Annex 11AR Definition of annual income for the purposes of calculating fees in fee blocks A.13, A.14, A.18, A.19, A.23, A.26 and B. Service Companies, UK Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Private Intermittent Securities and Capital Exchange Systems, Regulated Benchmark Administrators and Claims Management Companies

...

4 Annex 13G Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3

Table 1	
The following table sets out <i>guidance</i> on how a <i>firm</i> should calculate tariffs for fee blocks A.13, A.14, A.18, A.23, <u>A.26</u> and B. Service Companies, Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Regulated Benchmark Administrators and Claims Management Companies.	
...	
Defining relevant income streams	
(1)	The <i>firm</i> should refer to the fee-block definitions in <i>FEES</i> 4 Annex 1AR, Part 1 to decide which particular income streams should be taken into account when calculating its annual income for the purposes of fee-blocks A.13, A.14, A.18, A.19, <u>A.23, A.26</u> and B. Service Companies, Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities and Benchmark Administrators.
...	

...

...

5 Financial Ombudsman Service Funding

...

5 Annex 1R Annual General Levy Payable in Relation to the Compulsory Jurisdiction for 2026/27

...

Compulsory jurisdiction - general levy

Industry block	Tariff base	General levy payable by firm
...		
26. <i>firms carrying on regulated pensions dashboard activity</i>
27. <i>Operating a qualifying CATP, dealing in qualifying cryptoassets as agent, arranging deals in qualifying cryptoassets, arranging qualifying cryptoasset staking, arranging cryptoasset safeguarding and safeguarding cryptoassets</i>	<u>Annual income as defined in FEES 4 Annex 11AR relating to firm's relevant business</u>	<u>£0</u>
28. <i>Dealing in qualifying cryptoassets as principal and issuing qualifying stablecoin</i>	<u>Flat fee</u>	<u>£0</u>

...

Appendix 3

UK Capital Requirements Regulation (UK CRR) references amendment

UK CRR REFERENCES (AMENDMENT) INSTRUMENT 202X

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) 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);
 - (4) section 143D (Duty to make rules applying to parent undertakings); and
 - (5) section 143E (Powers to make rules applying to parent undertakings).
- 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]*, except for Part 2 of Annex A, which comes into force on *[date]*.

Amendments to the FCA Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
General Prudential sourcebook (GENPRU)	Annex C
Prudential sourcebook for MiFID Investment Firms (MIFIDPRU)	Annex D
Supervision manual (SUP)	Annex E
Collective Investment Schemes sourcebook (COLL)	Annex F
Regulated Covered Bonds sourcebook (RCB)	Annex G
Securitisation sourcebook (SECN)	Annex H

Amendments to material outside the FCA Handbook

- E. The Enforcement Guide (ENFG) is amended in accordance with Annex I to this instrument.

Notes

- F. In the Annexes to this instrument, the notes (indicated by “**Note:**” or “*Editor’s note:*”) are included for the convenience of readers, but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the UK CRR References (Amendment) Instrument 202X.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

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

Part 1: comes into force on [date]

[*Editor's note:* The text in Part 1 of this annex takes into account changes to legislation and to provisions in the PRA Rulebook that have been made by:

- (1) HM Treasury: The Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
- (2) PRA:
 - (a) PS12/25 – Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation;
 - (b) PS1/26 – Implementation of Basel 3.1: Final rules;
 - (c) PS3/26 – Restatement of CRR requirements – 2027 implementation – final;
 - (d) PS4/26 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final; and
 - (e) PS14/26 – CRR Definitions: restatement in PRA Rulebook.

These provisions are due come into force on 1 January 2027.]

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

public sector entity (in *SECN*) has the meaning in the Glossary Part of the *PRA Rulebook*.

Amend the following definitions as shown.

Annex 1 activities ~~has the meaning in article 4(1)(26A) of the UK CRR.~~ the following activities:

- (1) taking deposits and other repayable funds;
- (2) lending, including:
 - (a) providing consumer credit;
 - (b) entering into credit agreements relating to immovable property;
 - (c) factoring (with or without recourse); and

- (d) financing commercial transactions (including forfeiting);
- (3) financial leasing;
- (4) payment services as defined in regulation 2 of the *Payment Services Regulations*;
- (5) issuing and administering means of payment (including travellers' cheques and bankers' drafts) where such activities are not covered by paragraph (4);
- (6) providing guarantees and entering into commitments;
- (7) trading for own account or for account of customers in any of the following:
 - (a) money market instruments (including cheques, bills, and certificates of deposit);
 - (b) foreign exchange;
 - (c) financial futures and options;
 - (d) exchange and interest-rate instruments;
 - (e) transferable securities;
- (8) participation in securities issues and the provision of services relating to such issues;
- (9) providing:
 - (a) advice to *undertakings* on capital structure, industrial strategy and related matters;
 - (b) advice and services relating to mergers and the purchase of *undertakings*;
- (10) money broking;
- (11) providing portfolio management and advice;
- (12) safekeeping and administration of securities;
- (13) credit reference services;
- (14) safe custody services;
- (15) issuing electronic money; and

- (16) providing a service or carrying on an activity specified in Parts 3 and 3A of Schedule 2 to the *Regulated Activities Order* relating to any of the financial instruments provided for in Part 1 of that Schedule.

BIPRU firm

a *firm*, as defined in article 4(1)(2)(c) of the *UK CRR* (in the form in which it stood at 31 December 2021) that satisfies the following conditions:

- (a) it is authorised to provide one or more of the following *investment services*:

...

- (b) ...

[Note: This definition refers to the *UK CRR* in the form in which it stood at 31 December 2021. That version of the *UK CRR* can be found on legislation.gov.uk.]

central bank

...

- (2) ~~has the meaning in article 4(1)(46) of the *UK CRR*~~ the Bank of England, the European Central Bank or the central banks of *third countries*.

CRR firm

- (1) (for the purposes of *SYSC* and *SECN*) a *UK bank*, *building society*, and a *UK designated investment firm*.
- (2) ~~(in *SECN*) has the meaning given in Article 4(1)(2A) of the *UK CRR*.~~ [deleted]

consolidated situation

- (1) (in relation to a group to which the ~~*UK CRR PRA Rulebook*~~ applies) has the meaning in ~~article 4(1)(47) of the *UK CRR*~~ the Glossary Part of the *PRA Rulebook*.

...

credit institution

- (1) (except in *REC* and *SUP* 16):
- (a) has the meaning in ~~article 4(1)(1) of the *UK CRR*~~ section 417(1) of the *Act*; or
- ...
- ...
- (3) (in relation to the definition of *electronic money issuer* and *payment service provider*) a credit institution as defined by (1)(a) and includes a ~~branch~~ *branch* of the credit institution ~~within the meaning of article 4(1)(17) of the *UK CRR*~~ which is situated

within the *UK* and which has its head office in a territory outside the *UK*.

...

*discretionary
pension benefit*

...

- (2) (in *SYSC* 19G (MIFIDPRU Remuneration Code)) ~~has the meaning in article 4(1)(73) of the *UK CRR*~~ enhanced pension benefits granted on a discretionary basis by a *firm* to an *employee* as part of that *employee's* variable remuneration package, which do not include accrued benefits granted to an *employee* under the terms of the company pension scheme.

exempt CAD firm

- (1) (except in *SYSC* and ~~*IFPRU(INV)*~~ *IFPRU-INV*) a firm as defined in article 4(1)(2)(c) of the *UK CRR* (in the form in which it stood at 31 December 2021) that is authorised to provide only one or more of the following *investment services*:

- (a) investment advice;
- (b) receive and transmit orders from investors as referred to in Part 3 of Schedule 2 to the *Regulated Activities Order*.

- (2) ...

[Note: This definition refers to the *UK CRR* in the form in which it stood at 31 December 2021. That version of the *UK CRR* can be found on legislation.gov.uk.]

*exempt IFPRU
commodities firm*

an *IFPRU investment firm* which falls within the meaning in articles 493(1) and 498(1) of the *UK CRR* (in the form in which it stood at 31 December 2021).

[Note: This definition refers to the *UK CRR* in the form in which it stood at 31 December 2021. That version of the *UK CRR* can be found on legislation.gov.uk.]

*FCA investment
firm*

(in *SECN*) ~~has the meaning given in Article 4(1)(2AB) of the *UK CRR*. a~~ Part 4A investment firm (as defined in section 417(1) of the *Act*) that:

- (a) is an *authorised person*; and
- (b) is not a *designated investment firm*.

*fee-paying
electronic money
issuer*

any of the following when they issue *electronic money*:

...

- (d) a *full credit institution*, including a ~~branch~~ *branch* of the *full credit institution* ~~within the meaning of article 4(17) of the UK CRR~~ which is situated in the *United Kingdom* and which has its head office in a territory outside the *United Kingdom* ~~in accordance with article 47 of the UK CRR~~;

...

financial holding company has the meaning in ~~article 4(1)(20) of the UK CRR~~ section 417(1) of the Act.

financial institution ...

- (3) (except in (5)) has the meaning in ~~article 4(1)(26) of the UK CRR~~ section 417(1) of the Act.

...

- (5) (for the purposes of *MIFIDPRU* and *SYSC 19G*) an *undertaking* that fulfils the following conditions:

- (a) it is a *financial holding company*, a *mixed financial holding company*, an *investment holding company*, an *authorised payment institution* or an *asset management company*, *AIFM* or any other *undertaking* the principal activity of which is to acquire holdings or to pursue one or more of the activities listed in ~~points 2 to 12, point 15 and the final paragraph of the Annex I activities~~ Schedule 19D of the Act; and

...

financial sector entity any of the following:

- (a) a financial sector entity as defined in ~~article (4)(1)(27) of the UK CRR~~ the Glossary Part of the PRA Rulebook;

...

IFPRU investment firm an *investment firm*, as defined in article 4(1)(2) of the *UK CRR* (in the form in which it stood at 31 December 2021) (including a *collective portfolio management investment firm*), that satisfies the following conditions:

...

[Note: This definition refers to the UK CRR in the form in which it stood at 31 December 2021. That version of the UK CRR can be found on legislation.gov.uk.]

<i>initial capital</i>	<p>...</p> <p>(3A) (in IPRU(INV) <u>IPRU-INV</u> 11) the amount of <i>own funds</i> referred to in article 26(1)(a) to (e) of the <i>UK CRR</i> (<u>in the form in which it stood at 31 December 2021</u>) and calculated in line with Part Two of those Regulations (Own funds).</p> <p>[Note: article 28(1) of the CRD Note: This definition refers to the <u><i>UK CRR</i> in the form in which it stood at 31 December 2021.</u> That version of the <i>UK CRR</i> can be found on legislation.gov.uk.]</p> <p>...</p>
<i>institution</i>	<p>(1) (except in (2)) has the meaning in article 4(1)(3) of the UK CRR <u>means a credit institution or a designated investment firm.</u></p> <p>...</p>
<i>mixed-activity holding company</i>	<p>(1) (in SYSC 12) has the meaning given to the definition of “mixed-activity holding company” in article 4(1)(22) of the UK CRR <u>the Glossary Part of the PRA Rulebook</u>;</p> <p>...</p>
<i>mutual society share</i>	<p>a <i>share</i>, excluding a deferred share issued by a <i>credit union</i>, which:</p> <p>(a) meets the requirements for common equity Tier 1 capital instruments under article 28 or 29; and</p> <p>(b) is issued by an institution which is of a type listed in article 27;</p> <p>in each case of the UK CRR <u>the Own Funds and Eligible Liabilities (CRR) Part of the PRA Rulebook.</u></p>
<p>[<i>Editor’s note:</i> Further changes to the definition of ‘non-performing exposure’ will take effect on [date]. See Part 2 of Annex A.]</p>	
<i>non-performing exposure</i>	<p>an exposure that meets any of the conditions set out in Article 47a(3) of the UK CRR. <u>‘non-performing exposure’ as defined in rule 1.2 of the Non-Performing Exposures Securitisation (CRR) Part of the PRA Rulebook.</u></p>
<i>off-balance sheet items</i>	<p>the <u>following</u> items listed in Annex 1 of the UK CRR;</p> <p>(1) <u>Full risk:</u></p> <p>(a) <u>guarantees having the character of credit substitutes (e.g. guarantees for the good payment of credit facilities);</u></p>

- (b) credit derivatives;
 - (c) acceptances;
 - (d) endorsements on bills not bearing the name of another institution or a MIFIDPRU investment firm;
 - (e) transactions with recourse (e.g. factoring, invoice discount facilities);
 - (f) irrevocable standby letters of credit having the character of credit substitutes;
 - (g) assets purchased under outright forward purchase agreements;
 - (h) forward deposits;
 - (i) the unpaid portion of partly-paid shares and securities;
 - (j) the following other off-balance sheet items:
 - (i) including agreements where the transferee is merely entitled to return the assets at the purchase price or for a different amount agreed in advance on a date specified or to be specified, the transaction in question shall be deemed to be a sale with an option to purchase; and
 - (ii) excluding agreements where the transferor is not entitled to show in their balance sheets the assets transferred; and
 - (k) other items also carrying full risk.
- (2) Medium risk:
- (a) trade finance off-balance sheet items – namely, documentary credits issued or confirmed (see also ‘Medium/low risk’);
 - (b) the following other off-balance sheet items:
 - (i) shipping guarantees, customs and tax bonds;
 - (ii) undrawn credit facilities (agreements to lend, purchase securities, provide guarantees or acceptance facilities) with an original maturity of more than 1 year;

(iii) note issuance facilities and revolving underwriting facilities; and

(iv) other items also carrying medium risk and as communicated to the FCA.

(3) Medium/low risk:

(a) trade finance off-balance sheet items:

(i) documentary credits in which underlying shipment acts as collateral, and other self-liquidating transactions;

(ii) warranties (including tender and performance bonds and associated advance payment and retention guarantees) and guarantees not having the character of credit substitutes;

(iii) irrevocable standby letters of credit not having the character of credit substitutes;

(b) the following other off-balance sheet items:

(i) undrawn credit facilities which comprise agreements to lend, purchase securities, provide guarantees, or acceptance facilities with an original maturity of up to and including 1 year which may not be cancelled unconditionally at any time without notice or that do not effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness; and

(ii) other items also carrying medium/low risk and as communicated to the FCA.

(4) Low risk:

(a) undrawn credit facilities comprising agreements to lend, purchase securities, provide guarantees or acceptance facilities which may be cancelled unconditionally at any time without notice, or that do effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness. Retail credit lines may be considered as unconditionally cancellable if the terms permit the institution or a MIFIDPRU investment firm to cancel them to the full extent allowable under consumer protection and related legislation;

- (b) undrawn credit facilities for tender and performance guarantees which may be cancelled unconditionally at any time without notice, or that do effectively provide for automatic cancellation due to deterioration in a borrower’s creditworthiness; and
- (c) other items also carrying low risk and as communicated to the FCA.
- parent undertaking* ...
- (3) ~~(for the purposes of GENPRU 3) has the meaning in article 4(1)(15) of the UK CRR but so that article 4(1)(15)(b) applies for the purpose of GENPRU 3. [deleted]~~
- ~~[Note: article 2(9) of the Financial Groups Directive]~~
- (4) (for the purposes of GENPRU 3, MIFIDPRU, SYSC 19G (MIFIDPRU Remuneration Code) and otherwise in relation to an *investment firm group*):
- ...
- participation* ...
- (2) ~~has the meaning in article 4(1)(35) of the UK CRR. means:~~
- (a) the ownership, direct or indirect, of 20% or more of the voting rights or capital in an undertaking; or
- (b) the ownership, direct or indirect, of voting rights or capital in an undertaking for the purpose of maintaining links with that undertaking on a long-term basis which contribute to the activities of the undertaking which owns those voting rights or that capital.
- recognised third country investment firm* ...
- (2) (in GENPRU 3 (Cross sector groups)) an *investment firm* that falls within the meaning of “investment firm” in ~~article 4(1)(2) of the UK CRR~~ regulation 1(2) of the Financial Groups Directive Regulations and which satisfies the following conditions:
- ...
- securitisation position* ...

[Note: article 4(1)(62) and 245(3) of the *UK CRR*]

	...	
<i>senior management</i>	...	
	(2)	(in <i>SYSC</i> (except <i>SYSC</i> 4.3.2-AR, <i>SYSC</i> 4.3A, <i>SYSC</i> 7.1.6R, <i>SYSC</i> 8.1.6-AR, <i>SYSC</i> 9.1.1BR, <i>SYSC</i> 10.1.6AAR, <i>SYSC</i> 19F and paragraph (1) of the definition of <i>supervisory function</i>) and in accordance with article 4(1)(10) of the <i>UK CRR</i>) those <i>persons</i> who are a natural person and who exercise executive functions in an <i>institution</i> and who are responsible and accountable to the <i>management body</i> for the day-to-day management of the <i>institution</i> .
	...	
<i>small and medium-sized enterprise or SME</i>	...	
	(3)	(in <i>IFPRU</i>) has the meaning in article 4(1)(128D) of the <i>UK CRR</i> . [deleted]
<i>subsidiary</i>	...	
	(3)	(for the purposes of <i>MIFIDPRU</i> , <i>SYSC</i> 19G (MIFIDPRU Remuneration Code), <i>SECN</i> and in the definition of an <i>investment firm group</i>) an <i>undertaking</i> which is a subsidiary undertaking under section 1162 of the Companies Act 2006, read with Schedule 7 to that Act.
	...	
<i>UK consolidation group</i>	(1)	(for the purposes of <i>SYSC</i> as it applies to a <i>CRR firm</i>) the group of undertakings which are included in the consolidated situation of a UK parent institution, a UK parent financial holding company or a UK parent mixed financial holding company (including any undertaking which is included in that consolidation because of a consolidation article 12(1) relationship, article 18(5) relationship or article 18(6) relationship) a ‘consolidation group’ as defined in the Glossary Part of the <i>PRA Rulebook</i> .
	...	
<i>UK CRR</i>		(except where stated otherwise) the <i>UK</i> version of Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012, which is part of <i>UK</i> law by

virtue of the *EUWA*, ~~read together with~~ and any CRR rules as defined in section 144A of the *Act*.

UK credit institution a *credit institution* that ~~meets the definition of “CRR firm” under article 4(1)(2A) of the UK CRR~~ is a CRR firm.

UK parent financial holding company has the meaning in ~~article 4(1)(30) of the UK CRR~~ section 192O of the *Act*.

UK parent institution has the meaning in ~~article 4(1)(28) of the UK CRR~~ 2 of the Bank Recovery and Resolution (No. 2) Order 2014 (SI 2014/3348).

Delete the following definitions. The text is not shown struck through.

Capital Requirements Regulations 2013 the Capital Requirements Regulations 2013 (SI 2013/3115).

article 18(5) relationship the relationship where there are participations or capital ties other than those referred to in article 18(1) and (4) of the *UK CRR* (Methods for prudential consolidation).

article 18(6) relationship (in accordance with article 18 of the *UK CRR* (Methods for prudential consolidation)) a relationship of one of the following kinds:

- (a) where an *institution* exercises a significant influence over one or more *institutions* or *financial institutions*, but without holding a *participation* or other capital ties in these *institutions*; or
- (b) where two or more *institutions* or *financial institutions* are placed under single management other than under a contract or clauses of their memoranda or articles of association.

large institution has the meaning in article 4(1)(146) of the *UK CRR*.

sub-consolidated basis (in relation to a *group* to which the *UK CRR* applies) has the meaning given in Article 4(1)(49) of the *UK CRR*.

Part 2: comes into force on [date]

Amend the following definition as shown.

[*Editor’s note*: The changes to the definition of ‘non-performing exposure’ below take into account the changes proposed in Part 1 of Annex A.]

non-performing exposure ‘non-performing exposure’ as defined in ~~rule 1.2 of the Non-Performing Exposures Securitisation (CRR) Part of the Glossary Part of the PRA Rulebook~~ the Glossary Part of the PRA Rulebook.

Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

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

7 Risk control

7.1 Risk control

...

Additional rules for CRR firms

7.1.17 R ...

- (2) The *management body* of a *CRR firm* must be actively involved in and ensure that adequate resources are allocated to the management of all material risks addressed in the ~~rules~~ assimilated law implementing the *CRD* and in the *UK CRR* as well as in the valuation of assets, the use of external ratings and internal models related to those risks.

...

...

7.1.21 R ...

- (3) A *CRR firm* must ensure that the risk management function is able to report directly to the *management body* in its supervisory function, independent from *senior management* and that it can raise concerns and warn the *management body*, where appropriate, where specific risk developments affect or may affect the *firm*, without prejudice to the responsibilities of the *management body* in its supervisory and/or managerial functions pursuant to the assimilated law implementing the *CRD* and the *UK CRR*.

...

...

Annex C

Amendments to the General Prudential Sourcebook (GENPRU)

[*Editor's note:* The text in this annex takes into account changes to legislation and to provisions in the PRA Rulebook that have been made by:

- (1) HM Treasury: The Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
- (2) PRA:
 - (a) PS12/25 – Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation;
 - (b) PS1/26 – Implementation of Basel 3.1: Final rules;
 - (c) PS3/26 – Restatement of CRR requirements – 2027 implementation – final;
 - (d) PS4/26 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final; and
 - (e) PS14/26 – CRR Definitions: restatement in PRA Rulebook.

These provisions are due come into force on 1 January 2027.]

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

3 Cross sector groups

...

3.2 Third-country groups

Application

...

- 3.2.1A R *GENPRU* 3.2.9R (Supervision by analogy: rules for third-country banking and investment groups) applies in relation to an *investment firm* that falls within the definition of “investment firm” in ~~article 4(1)(2) of the UK CRR regulation 1(2) of the *Financial Groups Directive Regulations*.~~

...

3 Annex 1 Capital adequacy calculations for financial conglomerates (GENPRU 3.1.29R)

...

7 Table

A mixed financial holding company	4.4	<p>A <i>mixed financial holding company</i> must be treated in the same way as:</p> <p>(1) a <i>financial holding company</i> (if Part One, Title II, Chapter 2 of the UK CRR and the PRA Rulebook: Groups Part <u>is</u> applied);</p> <p>(2) an <i>insurance holding company</i> (if the rules in PRA Rulebook: Solvency II Firms: Group Supervision are applied); or</p> <p>(3) an <i>investment holding company</i> (if the rules in MIFIDPRU are applied).</p>
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...

Annex D

Amendments to the Prudential sourcebook for MiFID Investment Firms (MIFIDPRU)

[*Editor's note:* The text in this annex takes into account changes to legislation and to provisions in the PRA Rulebook that have been made by:

- (1) HM Treasury: The Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
- (2) PRA:
 - (a) PS12/25 – Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation;
 - (b) PS1/26 – Implementation of Basel 3.1: Final rules;
 - (c) PS3/26 – Restatement of CRR requirements – 2027 implementation – final;
 - (d) PS4/26 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final; and
 - (e) PS14/26 – CRR Definitions: restatement in PRA Rulebook.

These provisions are due come into force on 1 January 2027.]

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

2 Level of application of requirements

...

2.3 Exemptions

...

2.3.2 R A *MIFIDPRU investment firm* will be exempt from *MIFIDPRU 6* (Liquidity) on an individual basis where:

...

(2) the application in (1) demonstrates to the satisfaction of the *FCA* that:

(a) the *firm*:

(i) is supervised on a *consolidated basis* in accordance with ~~Chapter 2 of Title II of Part One of the UK CRR~~ the Groups Part of the *PRA Rulebook*; or

...

...

...

2.5 Prudential consolidation

...

2.5.3 G The table below is a guide to the content of this section.

Provisions of MIFIDPRU 2.5	Summary of content
<i>MIFIDPRU 2.5.4G</i>	The interaction between prudential consolidation under <i>MIFIDPRU 2.5</i> and prudential consolidation under the and prudential consolidation under the <u><i>UK CRR Groups Part of the PRA Rulebook</i></u>
...	

...

Interaction between consolidation under MIFIDPRU and the ~~UK CRR~~ Groups Part of the PRA Rulebook

- 2.5.4 G (1) Under this section, prudential consolidation applies where there is an *investment firm group*. The definition of an *investment firm group* excludes a group which contains a *UK credit institution* (except where the *credit institution* is a *connected undertaking*). Where a *group* includes a *UK credit institution*, prudential consolidation applies in accordance with the ~~UK CRR~~ and the Groups Part of the PRA Rulebook.
- (2) However, a *group* may be an *investment firm group* where it contains both a *MIFIDPRU investment firm* and a *designated investment firm* subject to the ~~UK CRR~~ Groups Part of the PRA Rulebook, but no *UK credit institution*. In this case, the *MIFIDPRU investment firm* would trigger prudential consolidation under this section and the *designated investment firm* would trigger consolidation under the ~~UK CRR~~ Groups Part of the PRA Rulebook. Therefore, certain group structures may be subject to consolidation under both *MIFIDPRU* and the ~~UK CRR~~ Groups Part of the PRA Rulebook, with the same entities included within the scope of consolidation of each. In this situation, the relevant *group* must comply with both sets of consolidated requirements, which are aimed at addressing different types of risks.

...

Consolidated K-NPR and K-CMG requirements

...

2.5.34 R ...

(4) ...

[Note: This provision refers to the application of the *K-NPR requirement* on a consolidated basis. Therefore, as with the *K-NPR requirement* (see *MIFIDPRU 4.12.2R*), this provision includes references to the *UK CRR* in the form in which it stood at 31 December 2021. That version of the *UK CRR* can be found on legislation.gov.uk.]

...

4 Own funds requirements

...

4.14 K-TCD requirement

...

Transactions to which K-TCD applies

4.14.3 R Subject to *MIFIDPRU 4.14.5R*, the transactions to which *MIFIDPRU 4.14.1R* applies are as follows:

(1) derivative contracts listed in ~~Annex II to the *UK CRR*~~ *MIFIDPRU 4 Annex 14R (Types of derivatives)*, with the exception of the following:

...

...

...

4.14.5 R The *K-TCD requirement* does not apply to transactions with the following counterparties:

(1) central governments and central banks, where the underlying exposures would receive a 0% risk weight under article 114 of the ~~*UK CRR*~~ *Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook*;

(2) multilateral development banks listed in article 117(2) of the ~~*UK CRR*~~ *Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook*; or

(3) international organisations listed in article 118 of the ~~*UK CRR*~~ *Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook*.

...

Insert the following new annex, MIFIDPRU 4 Annex 14, after MIFIDPRU 4 Annex 13R (K-NPR requirement – provisions on closely correlated currencies). All the text is new and is not underlined.

4 Types of derivatives

Annex 14R

- 4 Annex 14 R (1) The following interest-rate contracts:
- (a) single-currency interest rate swaps;
 - (b) basis-swaps;
 - (c) forward rate agreements;
 - (d) interest-rate futures;
 - (e) interest-rate options; and
 - (f) other contracts of a similar nature.
- (2) The following foreign-exchange contracts or contracts concerning gold:
- (a) cross-currency interest-rate swaps;
 - (b) forward foreign-exchange contracts
 - (c) currency futures;
 - (d) currency options;
 - (e) other contracts of a similar nature; and
 - (f) contracts of a nature similar to (a) to (e) concerning gold.
- (3) Contracts of a nature similar to those in points 1(a) to (e) and 2(a) to (d) of this Annex concerning other reference items or indices. This includes as a minimum all instruments specified in paragraphs 4 to 7, 9, 10 and 11 of Part 1 of Schedule 2 to the *Regulated Activities Order* not otherwise included in (1) or (2).

Amend the following as shown.

5 Concentration risk

5.1 Application and purpose

...

Interpretation

...

- 5.1.15 G (1) There may be no difference in the risk posed by a regional government or local authority if it has specific revenue-raising powers, or if there are specific institutional arrangements which reduce the risk of default.
- (2) The *PRA* maintains a list of all regional governments and local authorities within the *United Kingdom* which it treats as exposures to the central government of the *United Kingdom*, in accordance with article 115 of the ~~*UK CRR*~~ Credit Risk: Standardised Approach (CRR) Part of the *PRA Rulebook*. A *firm* may have regard to this list when applying the test in *MIFIDPRU* 5.1.14R to regional governments and local authorities in the *United Kingdom*.

...

5.7 Calculating K-CON

...

- 5.7.6 G The following example shows how to calculate the *CON own funds requirement* for an excess to a *client* that has persisted for 10 *business days* or less:

...

- (2) The exposure is all due to debt securities that have a specific risk own funds requirement of 8% (according to Table 1 in article 336 of *UK CRR as applied and modified by MIFIDPRU 4.12.2R*) for the purposes of K-NPR. There is zero K-TCD to this *client*.

In this example, the $OFR = 262 \times 8\% = 20.96$

...

- 5.7.7 G The following example shows how to calculate the *CON own funds requirement* for an excess that has persisted for more than 10 *business days*:

...

- (2) The exposure is all due to debt securities that have a specific risk own funds requirement of 8% (according to Table 1 in article 336 of *UK CRR as applied and modified by MIFIDPRU 4.12.2R*) for the purposes of K-NPR. There is zero K-TCD to this *client*.

In this example, the $OFR = 780 \times 8\% = 62.4$

...

...

5.10 Exclusions

5.10.1 R The requirements in *MIFIDPRU* 5.4 to 5.9 do not apply to the following exposures:

...

(3) exposures constituting claims against:

- (a) central governments, central banks, public sector entities, international organisations or multilateral development banks and exposures guaranteed by or attributable to such *persons*, where those exposures would receive a 0% risk weight under ~~articles 114 to 118 of the UK CRR~~;
- (i) articles 114 to 118 of the UK CRR in the form in which it stood at 31 December 2021 (as applied and modified by *MIFIDPRU* 4.12.2R) for the component of total exposure due to the calculation of the *K-NPR* requirement; and
- (ii) articles 114 to 118 of the Credit Risk: Standardised Approach (CRR) Part of the *PRA Rulebook* for the component of total exposure due to the calculation of the *K-TCD* requirement;

...

(4) exposures incurred by a *firm* to its *parent undertaking*, to other *subsidiaries* or *connected undertakings* of that *parent undertaking* or to its own *subsidiaries* or *connected undertakings*, insofar as those *undertakings* are supervised on a consolidated basis in accordance with *MIFIDPRU* 2.5 or ~~with UK CRR~~ the *PRA Rulebook*, are supervised for compliance with the *group capital test* in accordance with *MIFIDPRU* 2.6, or are supervised in accordance with comparable standards in force in a *third country*, and provided that the following conditions are met:

...

(b) ...

5.10.1A G (1) The calculation of the *K-CON* requirement is based on the component calculations of both:

- (a) the specific risk element of the *K-NPR* requirement (calculated in accordance with *MIFIDPRU* 4.12) which applies the UK CRR in the form in which it stood at 31

December 2021 (as applied and modified by *MIFIDPRU* 4.12.2R); and

(b) the counterparty risk of the *K-TCD requirement* (in accordance with *MIFIDPRU* 4.14) which applies the *UK CRR* as it applied immediately before its revocation.

(2) Accordingly, for the purposes of the cross-references to articles 114 to 118 of the *UK CRR* in *MIFIDPRU* 5.10.1R(3), a *firm* should apply:

(a) when the component of total exposure arises due to the calculation of the *K-NPR requirement*, the *UK CRR* in the form in which it stood at 31 December 2021 (as applied and modified by *MIFIDPRU* 4.12.2R); and

[Note: This paragraph refers to articles 114 to 118 of the *UK CRR* in the form in which it stood at 31 December 2021. That version of the *UK CRR* can be found on [legislation.gov.uk](https://www.legislation.gov.uk)]

(b) when the component of total exposure arises due to the calculation of the *K-TCD requirement*, articles 114 to 118 of the Credit Risk: Standardised Approach (CRR) Part of the *PRA Rulebook*.

Annex E

Amendments to the Supervision sourcebook (SUP)

[*Editor's note:* The text in this annex takes into account changes to legislation and to provisions in the PRA Rulebook that have been made by:

- (1) HM Treasury: The Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
- (2) PRA:
 - (a) PS12/25 – Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation;
 - (b) PS1/26 – Implementation of Basel 3.1: Final rules;
 - (c) PS3/26 – Restatement of CRR requirements – 2027 implementation – final;
 - (d) PS4/26 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final; and
 - (e) PS14/26 – CRR Definitions: restatement in PRA Rulebook.

These provisions are due come into force on 1 January 2027.]

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

16 Reporting requirements

...

16.29 MIFIDPRU Remuneration Report

Application

16.29.1 R This section applies to a *MIFIDPRU investment firm*, except where:

- (1) the *MIFIDPRU investment firm* is part of a *group* to which prudential consolidation applies in accordance with provisions of ~~the UK CRR~~ and the Groups Part of the PRA Rulebook; and

...

...

Annex F

Amendments to the Collective Investment Schemes (COLL)

[*Editor's note:* The text in this annex takes into account changes to legislation and to provisions in the PRA Rulebook that have been made by:

- (1) HM Treasury: The Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
- (2) PRA:
 - (a) PS12/25 – Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation;
 - (b) PS1/26 – Implementation of Basel 3.1: Final rules;
 - (c) PS3/26 – Restatement of CRR requirements – 2027 implementation – final;
 - (d) PS4/26 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final; and
 - (e) PS14/26 – CRR Definitions: restatement in PRA Rulebook.

These provisions are due come into force on 1 January 2027.]

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

5 Investment and borrowing powers

...

5.6 Investment powers and borrowing limits for non-UCITS retail schemes

...

Spread: general

5.6.7 R ...

- (9) For the purpose of calculating the limit in (5), *OTC derivative* positions with the same counterparty may be netted provided that the netting procedures:
 - (a) comply with the conditions set out in ~~Part Three, Title II, Chapter 6, Section 7 (Contractual netting (Contracts for novation and other netting agreements)) of the UK CRR~~ Chapter 3 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook; and

...

...

...

5.7 Investment powers and borrowing limits for NURS operating as FAIFs

...

Spread: general

5.7.5 R ...

(10) For the purpose of calculating the limit in (6), *OTC derivative* positions with the same counterparty may be netted provided that the netting procedures:

- (a) comply with the conditions set out in ~~Part Three, Title II, Chapter 6, Section 7 (Contractual netting (Contracts for novation and other netting agreements)) of the UK CRR~~ Chapter 3 of the Counterparty Credit Risk (CRR) Part of the PRA Rulebook; and

...

...

...

Annex G

Amendments to the Regulated Covered Bonds sourcebook (RCB)

[*Editor's note:* The text in this annex takes into account changes to legislation and to provisions in the PRA Rulebook that have been made by:

- (1) HM Treasury: The Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
- (2) PRA:
 - (a) PS12/25 – Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation;
 - (b) PS1/26 – Implementation of Basel 3.1: Final rules;
 - (c) PS3/26 – Restatement of CRR requirements – 2027 implementation – final;
 - (d) PS4/26 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final; and
 - (e) PS14/26 – CRR Definitions: restatement in PRA Rulebook.

These provisions are due come into force on 1 January 2027.]

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

2 Applications for registration

...

2.3 Determination of registration

...

Covered bonds collateralised by real estate

- 2.3.13 G In assessing whether the *asset pool* is of sufficient quality, the *FCA* will have regard to the requirements in relation to the collateralisation of real estate referred to in article 208 ~~of the UK CRR~~ and the valuation rules in article 229(1) ~~of the UK CRR~~, both of the Credit Risk Mitigation (CRR) Part of the *PRA Rulebook*.

...

Annex H

Amendments to the Securitisation sourcebook (SECN)

[*Editor's note:* The text in this annex takes into account changes to legislation and to provisions in the PRA Rulebook that have been made by:

- (1) HM Treasury: The Credit Institutions and Investment Firms (Miscellaneous Definitions (Amendment) Regulations 2026 (SI 2026/480); and
- (2) PRA:
 - (a) PS12/25 – Restatement of CRR and Solvency II requirements in PRA Rulebook – 2026 implementation;
 - (b) PS1/26 – Implementation of Basel 3.1: Final rules;
 - (c) PS3/26 – Restatement of CRR requirements – 2027 implementation – final;
 - (d) PS4/26 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) – final; and
 - (e) PS14/26 – CRR Definitions: restatement in PRA Rulebook.

These provisions are due come into force on 1 January 2027.]

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

2 Requirements on STS securitisations

...

2.2 STS criteria: Simple, transparent and standardised non-ABCP securitisation

...

Simplicity requirements

...

2.2.12 R ...

- (2) At the time of selection, the underlying exposures must not include exposures in default within the meaning of Article 178(1) of the ~~UK~~ CRR Credit Risk: Internal Ratings Based Approach (CRR) Part of the PRA Rulebook or exposures to a credit-impaired debtor or guarantor who, to the best of the *originator's* or *original lender's* knowledge:

...

...

...

2.3 STS criteria: Simple, transparent and standardised asset backed commercial paper securitisation

...

Transaction-level requirements

...

2.3.10 R ...

- (2) At the time of selection, the underlying exposures must not include exposures in default within the meaning of Article 178(1) of the ~~UK CRR~~ Credit Risk: Internal Ratings Based Approach (CRR) Part of the PRA Rulebook or exposures to a credit-impaired debtor or guarantor who, to the best of the *originator's* or *original lender's* knowledge:

...

...

...

Requirements on the sponsor of an STS ABCP programme

...

2.3.25 R ...

- (2) The requirement referred to in (1) is fulfilled if the *PRA* has determined, ~~based on the review and evaluation referred to in regulation 34A(2) of the Capital Requirements Regulations 2013,~~ that:

...

2.3.26 R The *sponsor* must:

...

- (3) verify the seller has in place servicing capabilities and collection processes meeting the following requirements ~~specified in Article 265(2)(h)(p) of the UK CRR~~ or equivalent requirements in a *third country*:
- (a) the seller tracks the performance of its internal ratings over time to evaluate the performance of its internal assessment methodology and makes adjustments, as necessary, to that methodology when the performance of the exposures

- routinely diverges from that indicated by the internal ratings;
- (b) the ABCP programme includes underwriting and liability management standards in the form of guidelines to the programme administrator on, at least:
- (i) the asset eligibility criteria, subject to (c);
 - (ii) the types and monetary value of the exposures arising from the provision of liquidity facilities and credit enhancements;
 - (iii) the loss distribution between the securitisation positions in the ABCP programme or ABCP transaction; and
 - (iv) the legal and economic isolation of the transferred assets from the entity selling the assets;
- (c) the asset eligibility criteria in the ABCP programme provide for, at least:
- (i) exclusion of the purchase of assets that are significantly past due or defaulted;
 - (ii) limitation of excessive concentration to individual obligor or geographic area; and
 - (iii) limitation of the tenor of the assets to be purchased;
- (d) an analysis of the asset seller's credit risk and business profile is performed including, at least, an assessment of the seller's:
- (i) past and expected future financial performance;
 - (ii) current market position and expected future competitiveness;
 - (iii) leverage, cash flow, interest coverage and debt rating; and
 - (iv) underwriting standards, servicing capabilities, and collection processes;
- (e) the ABCP programme has collection policies and processes that take into account the operational capability and credit quality of the servicer and comprises features that mitigate performance-related risks of the seller and the servicer. For the purposes of this point, performance-related risks may be mitigated through triggers based on the seller or servicer's

current credit quality to prevent commingling of funds in the event of the seller's or servicer's default;

- (f) the aggregated estimate of loss on an asset pool that may be purchased under the ABCP programme takes into account all sources of potential risk, such as credit and dilution risk;
- (g) where the seller-provided credit enhancement is sized based only on credit-related losses and dilution risk is material for the particular asset pool, the ABCP programme comprises a separate reserve for dilution risk;
- (h) the size of the required enhancement level in the ABCP programme is calculated taking into account several years of historical information, including losses, delinquencies, dilutions, and the turnover rate of the receivables; and
- (i) the ABCP programme comprises structural features in the purchase of exposures in order to mitigate potential credit deterioration of the underlying portfolio. Such features may include wind-down triggers specific to a pool of exposures.

...

2.4 STS criteria: Homogeneity of underlying exposures

Qualifying conditions

- 2.4.1 R (1) For the purposes of *SECN 2.2.9R* and *SECN 2.3.17R*, underlying exposures are homogeneous if:
- (a) they correspond to one of the following asset types:
 - (i) residential loans either secured by one or more mortgages on residential immovable property or fully guaranteed by an eligible protection provider among those under Article 201(1) of the ~~UK CRR~~ Credit Risk Mitigation (CRR) Part of the PRA Rulebook and qualify for the credit quality step 2 or above under ~~Part Three, Title II, Chapter 2 of the UK CRR~~ Chapter 4 of the Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook;

...

...

...

5 Requirements on risk retention

...

5.2 Retention of a material net economic interest

...

5.2.9 R (1) Where:

...

(d) a ~~subsidiary~~ subsidiary of such a company or institution,

...

(2) Subject to the modifications for *FCA investment firms* in (3), (1) applies only if *CRR firms*, *FCA investment firms* or *financial institutions* which created the securitised exposures:

...

(b) deliver the information needed to satisfy the requirements in *SECN 4* or equivalent *PRA rules*, in a timely manner, to the *originator* or *sponsor* and, if the *originator* or *sponsor* is a ~~subsidiary~~ subsidiary, to the *mixed financial holding company*, *UK parent institution* or *financial holding company* which is the parent undertaking of the ~~subsidiary~~ subsidiary.

...

(4) ~~In *SECN 5.2.9R* ‘subsidiary’ has the meaning given in Article 4(1)(16) of *UK CRR*. [deleted]~~

5.2.10 R *SECN 5.2.1R* to *SECN 5.2.5R* shall not apply where the securitised exposures are exposures to or exposures fully, unconditionally and irrevocably guaranteed by:

...

(2) regional governments, local authorities and ~~‘public sector entities’ within the meaning of Article 4(1)(8) of *UK CRR*~~ public sector entities;

(3) institutions to which a 50% risk weight or less is assigned under ~~Part Three, Title II, Chapter 2 of *UK CRR* and articles 132a to 132e of Chapter 3 4 of the *Credit Risk: Standardised Approach and Internal Ratings Based Approach to Credit Risk* (CRR) Part of the *PRA Rulebook*;~~

...

- (5) the multilateral development banks listed in Article 117 of ~~UK CRR~~ the Credit Risk: Standardised Approach (CRR) Part of the PRA Rulebook.

...

5.13 Transactions for which the retention requirement does not apply as referred to in SECN 5.2.11R

- 5.13.1 R Transactions for which the retention requirement does not apply, as referred to in *SECN 5.2.11R*, shall include *securitisation positions* in the correlation trading portfolio, for which are either reference the underlying instruments satisfying satisfy the criterion in Article ~~338(1)(b) of the UK CRR~~ 325(6)(b) of the Market Risk: General Provisions (CRR) Part of the PRA Rulebook or which are eligible for inclusion in the correlation trading portfolio.

...

Annex I

Amendments to the Enforcement Guide (ENFG)

[*Editor's note:* The text in this annex takes into account the commencement of the revocation of the Capital Requirements Regulations 2013 by The Financial Services and Markets Act 2023 (Commencement No. 12 and Saving Provisions) Regulations 2026 (SI 2026/45), which will come into force on 1/1/2027.]

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

App 2 Non-FSMA powers

...

App 2.2 Other general policy

...

App 2.2.2 G The *FCA's* approach to the exercise of the powers listed in the table below is consistent with the use of powers under the *Act* and the *FCA's* general policy outlined in this guide, unless stated otherwise.

Legislation	Description	Policy
...		
<p>The Financial Conglomerates and Other Financial Groups Regulations 2004 (www.legislation.gov.uk/ukxi/2004/1862/contents)</p>	<p>These regulations implemented part of the Financial Conglomerates Directive (2002/87/EC), which imposed certain procedural requirements on the <i>FCA</i> as a competent authority under the Directive. These regulations also made specific provision about the exercise of certain supervisory powers in relation to financial conglomerates.</p> <p>The <i>FCA</i>'s powers to vary a <i>firm's Part 4A permission</i> or to impose requirements under sections 55J and 55L of the <i>Act</i> were extended under these regulations.</p>	<p>The <i>FCA</i> is able to use these powers where it is desirable to do so for the purpose of:</p> <ul style="list-style-type: none"> • supervision in accordance with the <i>Financial Groups Directive Regulations</i>; and • acting in accordance with specified provisions of the <i>Capital Requirements Regulations 2013</i>; and • acting in accordance with specified provisions that implemented or supplemented <i>Solvency II Directive</i>. <p>The duty imposed by section 55B(3) (The threshold conditions) of the <i>Act</i> does not prevent the <i>FCA</i> from exercising its own-initiative power for these purposes. But subject to that, when exercising this power under these regulations, the <i>FCA</i> will do so in a manner consistent with its approach generally to variation under the <i>Act</i>.</p>
...		

Appendix 4

Holding of certain cryptoasset exchange traded notes by authorised funds

**COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK (CRYPTOASSET
EXCHANGE TRADED NOTE) INSTRUMENT 2026**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance);
 - (d) section 247 (Trust scheme rules);
 - (e) section 248 (Scheme particulars rules);
 - (f) section 261I (Contractual scheme rules); and
 - (g) section 261J (Contractual scheme particulars rules);
 - (2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- 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 Collective Investment Schemes sourcebook (COLL) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Collective Investment Schemes Sourcebook (Cryptoasset Exchange Traded Note) Instrument 2026.

By order of the Board
[*date*]

Annex

Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text.

5 Investment and borrowing powers

...

5.2 General investment powers and limits for UCITS schemes

...

Spread: general

5.2.11 R ...

(9) ...

(9A) Not more than 10% in value of the *scheme property* is to consist of transferable securities that are cryptoasset exchange traded notes.

...

...

5.6 Investment powers and borrowing limits for non-UCITS retail schemes

...

Spread: general

5.6.7 R ...

(2A) ...

(2B) Not more than 10% in value of the *scheme property* is to consist of transferable securities that are cryptoasset exchange traded notes.

...

...

5.7 Investment powers and borrowing limits for NURS operating as FAIFs

...

Investment powers: general

5.7.4 R ...

(5) ...

(6) The *scheme property* must not consist of *transferable securities* that are *cryptoasset exchange traded notes*.

...

15 Long-term asset funds

...

15.6 Investment and borrowing powers

...

Long-term asset funds: general

15.6.8 R ...

15.6.8A R The *scheme property* of a *long-term asset fund* must not consist of *transferable securities* that are *cryptoasset exchange traded notes*.

...

Appendix 5

Section 21 approval notifications for qualifying cryptoasset financial promotions

**FINANCIAL PROMOTION (NOTIFICATION OF CRYPTO APPROVAL)
INSTRUMENT 2026**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137R (Financial promotion rules);
 - (3) section 137T (General supplementary powers); and
 - (4) section 139A (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 Financial Promotion (Notification of Crypto Approval) Instrument 2026.

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

...

16.31 Financial promotion approval reporting

...

Purpose

16.31.4 G ...

- (4) The *rules* in this section include requirements to:
- (a) notify the *FCA* in a timely manner of each:
 - (i) approval of a financial promotion relating to a ~~qualifying cryptoasset~~ or non-mass market investment or, in certain circumstances, a qualifying cryptoasset; ~~or~~ and
 - (ii) amendment or withdrawal of a prior *approval* of any *financial promotion* by reason of a *notifiable concern*; and
 - (b) provide a report to the *FCA* on a 6-monthly basis relating to the *firm's* activity of *approving financial promotions*.

Approval notification requirement

- 16.31.5 R (1) A *firm* must submit the information in (3) to the *FCA* within 7 days of *approving a financial promotion* relating to:
- (a) a *qualifying cryptoasset* where:
 - (i) the *firm* approves the *financial promotion* within the period of 3 months beginning with the day on which:
 - (A) the *firm* is granted *approver permission* which includes permission to *approve financial promotions* relating to *qualifying cryptoassets*;
or
 - (B) the *firm's* *approver permission* is varied to include permission to *approve financial promotions* relating to *qualifying cryptoassets*;

or

(ii) the financial promotion is a direct offer financial promotion; or

(b) a non-mass market investment.

...

...

Method of submission

16.31.13 R (1) A firm must submit:

(a) the notifications and reports required by this section to the FCA online through the appropriate systems accessible from the FCA's website; and

(b) a notification required by SUP 16.31.5R(2) (notification of approving amendments to, or withdrawal of approval of, a financial promotion) using the form at SUP 15 Ann 4.

...

...

Appendix 6

Update to RMA-M scheduling and guidance for completing FIN073

DATA DECOMMISSIONING (No 2) INSTRUMENT 2026

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance); and
 - (d) section 293 (Notification requirements);
 - (2) regulation 109 (Reporting requirements) and regulation 120 (Guidance) of the Payment Services Regulations 2017 (SI 2017/752); and
 - (3) regulation 49 (Reporting requirements) and regulation 60 (Guidance) of the Electronic Money Regulations 2011 (SI 2011/99).
- 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.

Notes

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

Citation

- F. This instrument may be cited as the Data Decommissioning (No 2) Instrument 2026.

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 stated otherwise.

16 Reporting requirements

...

16.12 Integrated Regulatory Reporting

...

Regulated Activity Group 7

...

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

<i>Data Item</i>	Frequency				
	<i>Non-SNI MIFIDPRU investment firm</i>	<i>SNI MIFIDPRU investment firm</i>	<i>Investment firm group</i>	<i>Annual regulated business revenue up to and including £5 million</i>	<i>Annual regulated business revenue over £5 million</i>
...					
Section M RMAR	Annually <u>(note 3)</u>	Annually <u>(note 3)</u>	Annually <u>(note 3)</u>	Annually <u>(note 3)</u>	Annually <u>(note 3)</u>
...					
Note 2	...				
<u>Note 3</u>	<u>The reporting period for Section M RMAR is the period of 12 months that ends on 31 March.</u>				

...

Amend the following as shown.

16 Data items for FIN073 (the Baseline Financial Resilience Report)
Annex
53R

16 R This annex consists of a form which can be found through the following
 Annex link:
 53 [Editor's note: insert link]

FIN073 - Baseline Financial Resilience Report

Completion Guidance

Guidance on completing this data item can be accessed via the help link next to the data item name.

All monetary values should be completed as whole numbers.

Data items

...	
3 Net profit or loss in the last quarter <u>reporting period</u>	
...	

16 Guidance notes on the data items for FIN073 (the Baseline Financial)
Annex Resilience Report)
54G

16 G This annex consists of guidance which can be found through the following
 Annex link:
 54 [Editor's note: insert link]

Guidance notes for FIN073 ('Baseline Financial Resilience Report')

...

Reporting period

Firms which submitted Section A of the RMAR in the last reporting period of their previous financial year and reported total revenue from regulated activities within the scope of RMAR of £150m or less have an annual reporting period. All other firms have a quarterly reporting period.

Firms should report as at the end of their reporting period, which may be the end of their financial quarter or their financial year. This The reporting period may not be the same as the calendar quarter/year, or UK fiscal quarter/year.

Basis of completion

1 – Total amount of liquid assets that you control or have unrestricted access to

Firms should report the total liquid assets that they have unrestricted access to, as at the final day of their financial quarter reporting period, as a positive number. If they do not have access to any liquid assets, firms should report a zero.

...

3 – Net profit or loss in the last quarter reporting period

This is the net profit or loss after tax over the relevant reporting period (financial quarter) with loss reported as a negative number. ~~This should not be reported on a cumulative basis for the year but instead as the profit (loss) over the relevant reporting period.~~ Firms that report quarterly should **not** report this on a cumulative basis for the year.

4 – Revenue for the financial year to date

Revenue is the total income generated before deducting any expenses for the financial year to date, even if this has not been audited. Revenue may be zero but cannot be negative. If you have not completed a full quarter reporting period, you should report a zero for that quarter reporting period.

~~This submission should be completed~~ Firms that report quarterly should complete this field on a cumulative basis (capturing the amount for each available quarter) for the firm's current financial year up to the reporting date.

Firms that report annually should complete this field on the basis of their full financial year.

5 – Net asset or liability position as at the end of the last financial quarter reporting period

Net asset position is the total assets minus total liabilities at the end of the relevant reporting period (financial quarter). This should be reported as a negative number if the liabilities are greater than the assets.

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