FINANCIAL CONDUCT AUTHORITY

# Quarterly Consultation

## CP26/32

No 53

September 2026

# How to respond

The Financial Conduct Authority invites comments on this consultation paper. Comments should reach us by 12 October 2026 for Chapters 2 to 8.

Comments may be sent by electronic submission using the form on the FCA's website.

**Alternatively, please send comments in writing to:**

Chapter 2: Jamie Finch, Consumer Investments Distribution Policy

Chapter 3: Ellie Mayall, Banking Policy

Chapter 4: David Meirich/Angelika Turner, Wholesale Cryptoasset Policy

Chapter 5: Lucio Hammond/Abid Sheikh, Redress Pathways and Data Team

Chapter 6: Nick Platten/Alastair Goff, Redress Policy

Chapter 7: James Ridgwell, Wholesale Buy Side

Chapter 8: Marc Green, Consumer Investments Distribution Policy

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

All responses should be sent to:
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- an account of how we have responded to the representations.

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# Chapter 1

# Overview

| Chapter No | Proposed changes to Handbook | Consultation Closing Period |
|---|---|---|
| 2 | To amend the readily realisable security definition to include fractional shares. | 5 weeks |
| 3 | To remove an expired reference in BCOBS 2.3.9G and replace the reference in BCOBS 2 Annex 1, Note 1, to the latest 'Annual Equivalent Rate (AER) Practice Note' issued by UK Finance and the Building Societies Association. | 5 weeks |
| 4 | To make deferral arrangements for the admission process of qualifying cryptoassets on UK QCATPs, the execution venue requirements on UK-authorised dealers and arrangers, and the execution policy requirement for these firms. | 5 weeks |
| 5 | To remove data point DISP 1.10.1IR(2)(a) which is a data point on claims management fee cap redress erroneously duplicated in the Consumer Credit Reporting return (CCR).<br>To update the definition of the Glossary term 'firm' for the purposes of DISP 1.10 and DISP 1.10A to capture all payment services and e-money firms for the purposes of complaints data publication. | 5 weeks |
| 6 | To remove reference to the 2-stage complaints process for the Society of Lloyd's in DISP 1.11.8G. | 5 weeks |
| 7 | To update Money Market Fund (MMF) reporting requirements to ensure a proportionate approach that allows for effective monitoring of financial stability risks and is integrated into wider funds reporting requirements. | 5 weeks |
| 8 | To make minor amendments to Consumer Composite Investments rules in the DISC and COBS sourcebooks, following feedback to PS25/20. | 5 weeks |

Chapter 2

# Financial promotion rules applicable to fractional shares

## Introduction

2.1 Fractional interests in securities are created by a firm dividing ownership of a whole security and making those fractional interests available at a portion of the cost of the whole security. Fractional interests can therefore make investing more accessible.

2.2 Fractional shares are the most common fractional investments offered to retail investors. They are often offered in respect of otherwise high cost publicly traded shares, and investors often access them via trading apps.

2.3 Investing in fractional shares is becoming increasingly common and we expect investing in investments other than in 'whole assets' to continue. We anticipate, for example, that the growing interest in distributed ledger technology and tokenised assets will increase fractional investing as tokens representing fractions can be more easily accessed and traded.

### Discussion Paper: Expanding Consumer Access to Investments (DP25/3)

2.4 In December 2025, we published Discussion Paper DP25/3, inviting feedback on the risks to retail investors when investing in fractional investments and how our rules should treat fractional investments. Responses focused on fractional shares. There was consensus on the benefits of fractional shares for retail investors and that the regulatory treatment of each offer should align with the legal structure of the fractional share.

2.5 We have considered feedback to DP25/3 and propose amending our Handbook to confirm how our rules apply to the financial promotion of fractional shares.

## Summary of proposals

2.6 The focus of this amendment is fractional shares. We propose to amend the readily realisable security (RRS) definition, adding a new section to make it clear that fractional shares that satisfy certain conditions are RRS. This will mean that they can be marketed to all retail investors without applying the marketing restrictions in COBS 4.12A or COBS 4.12B. This new section will not apply to the definition of an RRS in the Collective Investment Schemes sourcebook (COLL).

**2.7** Fractional shares will only be within the proposed new section in the RRS definition if they meet the following conditions:

- The retail investor has a right to or interest in an underlying whole share or unit (the related investment).
- The related investment is an RRS.
- The related investment is held by the person (P) from whom the right or interest is acquired.
- The right or interest can be sold on demand by the investor back to P at a price that is in direct proportion to the price of the related investment.
- The investor has a beneficial interest in the related investment, or an equivalent interest if a beneficial interest does not exist (for example, if the related investment is in a jurisdiction that does not recognise this concept).

**2.8** The typical fractional shares structure we have observed in the market (typical fractional share) broadly reflects the conditions we have set out above.

**2.9** We have also considered how our rules should apply to 'fractional bonds'. In the business models we have observed, retail investors receive synthetic exposure to the bond and as a result we do not believe the RRS definition is suitable for such investments.

## Fractional shares as RRSs

**2.10** We believe that typical fractional shares have a similar risk profile to the underlying whole share, where the conditions set out in the summary are met. The key difference is that these fractional shares are not transferrable and so consumers are unable to sell them on a secondary market. In contrast, listed whole shares are transferrable and generally more easily bought and sold.

**2.11** A lack of transferability does not appear to have an impact on fractional shareholders when they are able to sell the fractional share on demand and have a beneficial interest in an underlying listed whole share held on their behalf. In these circumstances, an investor would be expected to be better off in an insolvency event, as the underlying whole share could be sold to return a proportionate value back to the fractional shareholder. If an investor wishes to withdraw their holding, then can also realise the value of their holding by selling the fractional share back to the firm or platform.

**2.12** Fractional shares may also not grant voting rights or dividends to a retail investor. However, these features do not impact the risk profile of the fractional share. Further, not all whole shares offer such features. We therefore believe this should not have an impact on the extent of restriction applicable when promoting fractional shares.

**2.13** Therefore, given their similar risk profile, financial promotions for fractional shares that meet our conditions should be treated in the same way as financial promotions for listed and regularly traded whole shares. These investments are RRS and subject to the standard financial promotion rules in COBS 4.2.

## An alternative interpretation: The restricted mass market investments (RMMI) rules

**2.14** While we believe fractional shares should be treated as RRS, technically they may be considered non-readily realisable securities (NRRS) under our existing Handbook Glossary definitions. The Handbook Glossary defines a NRRS as a security which is not listed under any of the sections in the NRRS definition. Fractional shares are unlikely to meet the existing definition of RRS as they cannot be listed or regularly traded on an exchange. They are also not likely to constitute any other security listed in the sections of the NRRS definition.

**2.15** The rules applicable to NRRS include COBS 4.12A, which apply to restricted mass market investments (RMMIs). Firms promoting RMMIs are required to take steps including presenting potential investors with prescribed general and personal risk warnings, conducting appropriateness assessments, and applying a 24-hour cooling-off period.

**2.16** The frictions in COBS 4.12A are intended for investments that are high risk, such as cryptoassets and peer-to-peer agreements. We do not think these frictions are necessary or proportionate to secure an appropriate degree of protection for consumers receiving financial promotions relating to fractional shares satisfying the conditions set out in 2.7.

**2.17** The NRRS and RRS definitions did not anticipate fractional shares. Our proposal to amend the RRS definition to include fractional shares is therefore not a change in policy position; rather it is a technical change to ensure our policy position is correctly reflected in our financial promotion rules.

## Existing FCA Handbook rules

**2.18** Retail investors should be sufficiently protected by pre-existing rules, without the need for additional rules, including, but not limited to:

- **PROD 3** rules on identifying a target market.
- **COBS 4.2.1R** requiring fair, clear, and not misleading financial promotions.
- **COBS 4.5.2R** requiring a fair and prominent indication of any relevant risks and making sure important items, statements and warnings are not disguised, diminished or obscured.
- **Principles 1 and 2** requiring firms to conduct business with integrity, due skill, care, and diligence.
- **The Consumer Duty (Principle 12 and PRIN 2A)** obligations, including acting in good faith, avoiding foreseeable harm, and enabling and supporting consumers to pursue their financial objectives. In 2023, we published a webpage setting out expectations under the Consumer Duty for firms offering fractional shares to retail investors.

### Exposure to shares via a derivative

2.19 Firms may offer a partial exposure to a whole share via derivatives. This is most likely to be in the form of a contract for difference (CFD) or a spread bet. We do not consider these products to be the same as fractional shares.

2.20 CFDs and spread bets are higher risk investments than the typically structured fractional shares set out in the summary above, which are backed by an underlying whole share. They do not give investors any ownership rights to the underlying whole share, and so an investor may be exposed to higher risk in an insolvency event. Rather, CFDs and spread bets provide economic exposure to price changes in the underlying share, are more complex, more speculative and may involve leverage, which can increase the risk of loss.

2.21 We believe it would be misleading to promote a derivative as a fractional share. Products marketed as 'fractional shares' but structured as derivatives could lead investors to believe they have the same rights, protections, and exposure to risk as investors in fractional shares of the kind described in the summary above. An offer structured as a derivative would not meet the conditions of the proposed RRS definition. Firms offering CFDs or spread bets must comply with the existing rules and restrictions for derivatives, including the relevant requirements in COBS 22.5 and COBS 10/COBS 10A. This reflects the different legal structure, rights, and risks of these products.

### Current applications of our financial promotion rules

2.22 We have not previously stated publicly how we intend our financial promotion rules to apply to fractional shares. We have also not identified consumer harm that suggests we need to apply more restrictive rules than those we are proposing to apply, as set out above. Consistent with our policy intentions in this area we are now proposing to clarify the definition of RRS to ensure that typical fractional shares are treated as RRS, not NRRS.

Question 2.1: **Do you agree that fractional shares meeting our proposed conditions should be defined as readily realisable securities for the purpose of our financial promotion rules? Please explain your reasoning.**

Question 2.2: **Do you agree with the conditions we have proposed in order for a fractional share to be treated as a readily realisable security? Please explain your reasoning.**

## Rule Review Framework

2.23 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

**2.24** Section 138L(3) of Financial Services and Markets Act 2000 (FSMA) provides 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.

**2.25** Our proposed changes will impose minimal costs on industry as the rules would reflect existing market practice. We are therefore not required to publish a cost benefit analysis.

### Impact on mutual societies

**2.26** 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 definition we propose to amend will apply according to the powers exercised and to whom relevant rules are addressed, equally regardless of whether the firm is a mutual society or another authorised person.

## Compatibility statement

**2.27** 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 (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must, so far as reasonably possible, 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).

**2.28** We are satisfied that the proposed amendments are compatible with our statutory objectives and regulatory principles. The amendments aim to secure the degree of protection for consumers investing in fractional shares, which is proportionate to the risk they present. The proposed changes also advance our objective to promote effective competition in the interests of consumers. The amendments should support the consistent application of the financial promotion rules across firms and avoid the application of unnecessary friction.

**2.29** The proposed amendments are also compatible with the FCA's secondary international competitiveness and growth objective. The changes proposed ensure firms can promote fractional shares, and thereby facilitate consumer access to listed equities, in a way that is proportionate to the risk they present.

## Equality and diversity

2.30 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.

2.31 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

# Amendments to BCOBS disclosure guidance

## Introduction

3.1 In July 2024, we issued a Call for Input to understand whether, where and how we can simplify our Handbook requirements through greater reliance on the Consumer Duty, while ensuring we continue to support and protect consumers.

3.2 We received feedback proposing targeted amendments to disclosure requirements in our Banking: Conduct of Business sourcebook (BCOBS). These related to general communications, financial promotions and cash savings products.

3.3 We have now reviewed and considered the proposed amendments. In June 2026, we replaced outdated elements of BCOBS 2.1 and 5.1 with references to the Duty.

3.4 We determined that any improvements in outcomes for consumers or firms arising from the other suggested targeted disclosure changes would be unlikely to outweigh the resulting burden on firms associated with making changes to systems and processes. However, we are proposing to make two targeted amendments to the BCOBS guidance.

3.5 BCOBS currently references the British Bankers' Association/Building Societies Association 'Code of Conduct for the Advertising of Interest-Bearing Accounts'. Last year, UK Finance and the Building Societies Association published the 'Annual Equivalent Rate (AER) Practice Note' to replace the Code so this should be reflected in our sourcebook.

3.6 It should be noted that the content of the new Practice Note is not identical to the Code. The new Practice Note removes the specific cash Individual Savings Account (ISA) and naming requirements and areas of other financial promotion guidance from the old Code. However, we consider firms may still find it helpful to refer to the Practice Note when calculating AER for the purposes of the summary box for savings accounts.

## Summary of proposals

3.7 There are 2 instances where out-of-date guidance is referenced in BCOBS, which we have set out below.

### BCOBS 2.3.9G

3.8 BCOBS 2.3.9G currently refers to the British Bankers' Association/Building Societies Association 'Code of Conduct for the Advertising of Interest Bearing Accounts' as a potential helpful source when designing a financial promotion.

3.9 We propose that BCOBS 2.3.9G is removed as the Code has now expired.

**Question 3.1: Do you agree with our proposed amendments to BCOBS 2.3.9G? If not, please explain why.**

### BCOBS 2 Annex 1, Note 1

3.10 Note 1 refers to the British Bankers' Association/Building Societies Association 'Code of Conduct for the Advertising of Interest Bearing Accounts'. We currently suggest using the Code if utilising the annual equivalent rate of interest when producing a summary box for savings accounts.

3.11 We propose the reference to the Code is replaced by a reference to UK Finance and the Building Societies Association (BSA) 'Annual Equivalent Rate (AER) Practice Note' as published on 4 February 2025.

3.12 While the Practice Note does not have the status of confirmed Industry Guidance, it is provided as an example of how firms can calculate AER. We believe the calculations of AER to be consistent between the Code and Practice Note. We do not consider that the change would have an impact on firms' disclosure requirements.

**Question 3.2: Do you agree with our proposed amendments to BCOBS 2 Annex 1, Note 1? If not, please explain why.**

## Rule Review Framework

3.13 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. As the minor changes we are proposing here are to guidance, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

## Cost benefit analysis

3.14 We are not required to publish a cost benefit analysis (CBA) when proposing to amend guidance. Our Statement of Policy on Cost Benefit Analyses states that it is our policy to produce a CBA for guidance 'if a high-level assessment of the impact of the proposal identifies an element of novelty, which may be in effect prescriptive or prohibitive, such that significant costs may be incurred'. However, we do not believe there will be a significant increase in costs due to our proposals. This is because the proposals should not result in firms making substantial changes to their existing business practices that would lead to them incurring significant additional resourcing or capital costs.

### Impact on mutual societies

3.15 We are satisfied that the proposals in this chapter would not have a significant impact on mutual societies compared with other authorised persons.

## Compatibility statement

3.16 We are required by section 1B of FSMA to act (so far as reasonably possible) in a way which is compatible 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).

3.17 We are satisfied that the proposed amendments are compatible with our objectives and other legal obligations. The amendments advance our operational objective of securing an appropriate degree of consumer protection through ensuring consumers can continue to easily compare the AER across savings products and make informed decisions. 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 as the alterations do not add high levels of firm burden.

## Equality and diversity

3.18 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 (i.e., 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.

3.19 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

# Deferral arrangements for the Cryptoasset Regime

## Introduction

4.1 In June 2026, the FCA published 5 policy statements (PSs) setting out the full cryptoasset regime. This regime will come into effect on 25 October 2027, and certain cryptoasset activities will then fall within the regulatory perimeter under the Financial Services and Markets Act 2000 (FSMA).

4.2 All firms conducting in-scope cryptoasset activities will need to be authorised by the FCA and have the appropriate permissions. They will also need to comply with the various rules and have regard to guidance set out in the policy statements. Nevertheless, we recognise that some aspects of the regime will be more complex to implement. We also noted in the policy statements that deferral arrangements for parts of the regime may be needed to support a smooth introduction of the regime, avoid cliff-edge effects and give firms sufficient time to implement the new requirements.

4.3 This chapter sets out our proposals for targeted deferral arrangements for parts of the new cryptoasset regime. These include proposals relating to the admission process of qualifying cryptoassets, execution venue requirements and execution policy requirements set out in the new Cryptoassets sourcebook (CRYPTO). We propose that the deferral provisions will apply to relevant authorised firms and, where specified, firms that later obtain authorisation after passing through savings provisions. The deferral provisions will not apply to firms who are operating within the transitional provision in Chapter 3 of Part 7 of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (Cryptoassets Regulations).

## Summary of proposals

4.4 We are proposing a set of deferral arrangements for CRYPTO provisions covering the following requirements:

- the requirement for cryptoassets already trading on UK-authorised Qualifying Cryptoasset Trading Platforms (UK QCATPs) to be admitted only after a pre-admission assessment and with a Qualifying Cryptoasset Disclosure Document (QCDD) required under our rules in order to be accessible to UK retail investors on either the UK QCATP or via UK-authorised cryptoasset dealers and arrangers;
- the application of execution venue requirements to UK dealers and arrangers when acting in relation to UK retail clients' orders; and
- the execution policy requirement for these firms.

## Deferral of QCDD requirements for assets sold to UK retail investors

**4.5** Without this deferral arrangement, from 25 October 2027, the Admissions and Disclosures (A&D) rules in CRYPTO 3 would require that qualifying cryptoassets may not be admitted to trading on a UK QCATP serving UK retail investors unless the UK QCATP operator has:

1. reasonably satisfied itself that the admission is not likely to be detrimental to the interests of retail investors; and
2. published a QCDD that complies with the A&D requirements for that cryptoasset.

**4.6** These requirements would apply immediately to qualifying cryptoassets already trading on the retail UK QCATP when the operator becomes authorised. Without a deferral, if the requirements had not been met, the operator could not continue making those qualifying cryptoassets available to retail investors (in accordance with CRYPTO 6). UK intermediaries would also generally be unable to deal or arrange deals in that qualifying cryptoasset for retail clients (in accordance with CRYPTO 5).

**4.7** Retail UK QCATP operators may have a large 'backbook' of qualifying cryptoassets already trading on their platforms. Completing the required pre-admission assessments and the QCDD requirements for every qualifying cryptoasset (in accordance with CRYPTO 3) by authorisation may not be practicable, particularly for retail UK QCATP operators authorised when the regime commences and retail UK QCATP operators later authorised after operating under the saving provisions in regulation 53 of the Cryptoassets Regulations, as QCDDs should be up to date when published.

**4.8** This could create a risk of unintended cliff-edge effects for qualifying cryptoassets in (UK retail) circulation at authorisation. Qualifying cryptoassets (trading on those retail UK QCATPs) already held and traded by retail investors might need to be withdrawn from trading altogether or restricted to a particular class of investors (eg, institutional investors) before the retail UK QCATP operator has completed the admission process, causing operational and market disruption.

**4.9** To mitigate this risk, we propose a targeted 6-month deferral of the pre-admission assessment and the QCDD requirements for qualifying cryptoassets that are already trading on Qualifying Cryptoasset Trading Platforms (QCATPs) prior to their operator's UK authorisation. This is conditional on the UK QCATP operator having applied for authorisation during the relevant application period and having notified the FCA of information relating to the qualifying cryptoassets it wants to admit using the deferral arrangement. The deferral period would then run from the date on which the operator is authorised. The qualifying cryptoassets within scope will include those admitted to trading on the retail UK QCATP up to the point of authorisation.

**4.10** Accordingly, for these cryptoassets outlined above, neither UK QCATP operators nor relevant intermediaries would be bound by the obligation to direct clients to a QCDD prior to trading during the deferral period, as long as no QCDD has been published by the relevant UK QCATP operator.

**4.11** The purpose of the deferral is to give retail UK QCATP operators time, following authorisation, to bring the existing 'backbook' of qualifying cryptoassets into compliance. For qualifying cryptoassets that are in scope of the deferral arrangement, the operator would not be required to comply with the pre-admission assessment or the QCDD requirements during the deferral period which ends after 6 months or earlier if the UK QCATP operator publishes a QCDD in relation to a qualifying cryptoasset admitted to trading on its platform.

**4.12** During the deferral period, we propose that the retail UK QCATP operator may continue making those in-scope qualifying cryptoassets available while completing the required pre-admission assessment and QCDD requirements. However, qualifying cryptoassets first admitted to trading after the operator is authorised would not be in scope of the deferral arrangement. This means for such newly admitted qualifying cryptoassets, the admitting QCATP operator will have to comply with the A&D requirements.

**4.13** The deferral arrangement does not prevent a retail UK QCATP operator that has chosen to use the deferral option from complying with the A&D requirements earlier than the end of the 6-month deferral period if it chooses to.

**4.14** This means that the deferral arrangement would cease to apply for a given asset as soon as the UK QCATP operator has published a QCDD in relation to that qualifying cryptoasset during the 6-month deferral period. This would likely mean that different qualifying cryptoassets on a platform would exit the deferral arrangements at different times during the 6-month period. The effect of that would be that once a QCDD is published, the deferral ceases to apply, and the relevant CRYPTO provisions apply together with liability under regulation 14.

**4.15** As part of the authorisation process, a firm applying for authorisation as a retail UK QCATP operator would not be expected or required to have completed the pre-admission assessment or the QCDD requirements for every in-scope 'backbook' qualifying cryptoassets before authorisation. However, the firm must be able to demonstrate during the authorisation process that it is ready to comply with the new regime from authorisation, except to the limited extent covered by the deferral. This includes having appropriate governance, admission criteria, due diligence methodology, record keeping and implementation plans.

**4.16** Further, we propose that retail UK QCATP operator applicants wishing to benefit from the deferral will have to take the following steps.

**4.17** As part of the authorisation process:

1. submit a list of the qualifying cryptoassets (including their digital token identifiers) to which deferred compliance will apply; and
2. submit an implementation roadmap to the FCA. The roadmap should set out the firm's intended approach to assessing, publishing and uploading QCDDs for their 'backbook' of qualifying cryptoassets for which the firm expects to rely on the deferral. This roadmap requirement is designed to ensure firms are fully compliant with the new A&D regime by the end of the deferral period.

**4.18** In order to benefit from the deferral period, a QCATP operator must on authorisation notify the FCA of:

1. the UK QCATP operator name and LEI; and
2. the digital token identifier for each qualifying cryptoasset.

**4.19** During the deferral period:

1. provide clear, prominent and unambiguous disclosures on the QCATP to retail investors explaining that in relation to those cryptoassets admitted under the transitional arrangements:
    - **a.** a pre-admission assessment has not been conducted and a QCDD has not been published as would otherwise be required by the A&D requirements;
    - **b.** the date on which the relevant deferral period ends; and
    - **c.** the consequences for retail investors, including that:
        - **i.** qualifying cryptoassets which are not admitted in accordance with the new regime by the end of the deferral period may be withdrawn or become restricted to institutional investors only; and
        - **ii.** where no QCDD has been published:
            - **A.** they may have access to less information about the qualifying cryptoasset than would otherwise be available as required under regulation 13 of the Cryptoassets Regulations;
            - **B.** they will not have a right of action under regulation 14 of the Cryptoassets Regulations that might otherwise arise; and
            - **C.** they will not be able to exercise any withdrawal rights for those cryptoassets under regulation 15 of the Cryptoassets Regulations that might otherwise have been available;
2. warn retail investors during the trading process, using a prescribed form of wording, prior to execution, on their platform that the available cryptoassets have not been admitted to trading on the UK QCATP in accordance with the new rules, which means that:
    - **a.** the UK QCATP operator may not have assessed and documented the risks and functionalities of all the available qualifying cryptoassets;
    - **b.** it may be more difficult for retail investors to understand the cryptoassets and their risks and make an informed investment decision; and
    - **c.** there is a greater risk that retail investors will not be allowed to trade the available cryptoassets on the UK QCATP in the future.

**4.20** The Market Abuse Regime for Cryptoassets (MARC) applies where a qualifying cryptoasset has been admitted to trading or is subject to an application seeking admission to trading, on a UK QCATP. The above A&D/A&D-related deferrals are available only for qualifying cryptoassets admitted to trading before the UK QCATP operator is authorised. They do not defer or disapply the relevant requirements of MARC in relation to those qualifying cryptoassets eligible for the A&D/A&D related deferral arrangements when the new regime commences. From commencement, UK QCATP operators will still need to comply with MARC-related obligations for those qualifying cryptoassets including for example the requirement to assess whether inside information exists in relation to those qualifying cryptoassets, and to ensure the relevant arrangements, systems and procedures are in place. In addition, UK QCATP operators will be required to comply with the full set of A&D requirements (as well as MARC requirements) for any qualifying cryptoassets that are admitted to trading after their authorisation, including if these new assets are admitted during the deferral period.

**4.21** During the deferral period, intermediaries may deal or arrange deals in qualifying cryptoassets for or with a client even though no QCDD is available to retail clients on a UK QCATP and the qualifying cryptoasset is not admitted to trading on the retail UK QCATP in compliance with the A&D rules.

**4.22** Intermediary firms serving retail clients (including firms who provide lending and borrowing services) must:

1. display clear disclosures to their clients which qualifying cryptoassets are subject to deferral of the pre-admission assessment and the QCDD requirement. Disclosures will also have to clearly inform retail investors of the date and consequences of the deferral period ending. Retail investors should also be made aware that:
    a. they may have access to less information about the qualifying cryptoasset than would otherwise be available as required by regulation 13 of the Cryptoassets Regulations;
    b. they will not have a right of action under regulation 14 of the Cryptoassets Regulations; and
    c. they will not be able to exercise any withdrawal rights under regulation 15 of the Cryptoassets Regulations for those cryptoassets; and
2. warn retail clients during the trading process, using a prescribed form of wording, prior to execution, that the available cryptoassets may not have been admitted to trading on a UK QCATP in accordance with the new rules, which means that the risks and functionalities of available cryptoassets may not have been assessed and documented. Therefore, it may be more difficult for retail investors to understand the available cryptoassets and their risks and make an informed investment decision. In addition, there is a greater risk that retail investors will not be allowed to buy or sell this cryptoasset through the intermediary during the deferral period or after it has ended.

**Question 4.1:** **Do you agree with the proposal to provide a deferral period of up to 6 months of A&D and related requirements for UK QCATPs? If not, please explain why.**

**Question 4.2:** **Do you agree with the proposal that the deferral period for a qualifying cryptoasset should end if a QCDD for that qualifying cryptoasset is published during that deferral period? If not, please explain why.**

**Question 4.3:** **Do you agree with the proposal to provide a deferral period of up to 6 months of A&D and related requirements for Intermediaries? If not, please explain why.**

**Question 4.4:** **Do you have any comments on the proposed notification, disclosure and risk warning requirements? Please explain and provide data where appropriate.**

## Deferral of execution venue requirements on UK-authorised dealers, and arrangers serving UK retail and elective professional clients

4.23 From the start of the new regime, UK-authorised dealers and arrangers will have to comply with an execution venue requirement. Intermediaries that are executing or receiving and transmitting orders for UK retail or elective professional clients must ensure that these orders are ultimately executed only on UK-authorised qualifying cryptoasset execution venues. A qualifying cryptoasset execution venue in this context means one of the following that has been authorised under the new regime:

- a UK QCATP;
- a UK-authorised qualifying cryptoasset single dealer platform; or
- a UK-authorised qualifying cryptoasset liquidity provider.

4.24 We recognise that before the start of the regime, UK-authorised dealers and arrangers routing orders to execution venues may not know which venues will have, and which will not have, obtained authorisation at the time of go-live. UK-authorised dealers and arrangers may need time to adjust their processes if their usual execution venues fail to obtain authorisation at the commencement date, when the execution venue requirement would otherwise be engaged. We therefore propose to defer the application of our execution venue requirement for retail and elective professional orders for a period of three months from go-live.

**Question 4.5:** **Do you agree with the proposed deferral of the execution venue requirements for intermediaries serving UK retail and elective professional clients? If not, please explain why.**

### Deferral of execution policy requirements for intermediaries

**4.25** Ahead of day 1 of the regime, we recognise that intermediary firms subject to execution policy requirements may struggle to:

- update their order execution policy with information on the qualifying cryptoasset execution venues where they execute client orders; and
- have obtained client consent to that updated order execution policy.

**4.26** This is because UK-authorised dealers and arrangers may not know which venues will, and which will not, have obtained authorisation at the time of go-live.

**4.27** Therefore, we propose to defer the application of those execution policy requirements for a three-month period from go-live. We expect that this should give firms sufficient time to update their execution policy, and to obtain client consent.

**4.28** Nevertheless, from the commencement of the regime, firms should still provide clients with, at a minimum, a high level execution policy that is compliant in principle with CRYPTO 5.4 requirements. Client consent to the finalised execution policy should then be obtained within the three-month deferral period.

**Question 4.6: Do you agree with the proposed deferral of the execution policy requirements? If not, please explain why.**

## Rule Review Framework

**4.29** 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

**4.30** We have not prepared a cost benefit analysis (CBA) for these rules in accordance with section 138I(8) of FSMA.

**4.31** We consider that the costs and benefits associated with our proposed deferral arrangements cannot reasonably be estimated and that it is not reasonably practicable to produce reliable quantitative estimates. This is due to uncertainties regarding market behaviour and readiness, implementation approaches, and the availability of relevant data. Accordingly, no estimate has been provided for these impacts. However, we anticipate that firms may benefit from our proposal, as they have more time to adjust to the new regulatory requirements due to our suggested deferral arrangements.

4.32 We previously consulted on the costs and benefits of the aspects of the proposed future regulatory regime for cryptoassets which relate to the consequential proposals in this chapter. We do not believe that our proposed changes and clarifications will alter the costs and benefits set out in the PS CBA.

### Impact on mutual societies

4.33 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.

4.34 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

4.35 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).

4.36 We are satisfied that the proposed amendments are compatible with our statutory objectives and other legal obligations. In particular, the amendments support our operational objectives of protecting and enhancing the integrity of the UK financial system and promoting effective competition in the interests of consumers. We consider that any restrictions or burdens imposed by the amendments are proportionate to the policy outcomes being pursued, having regard to the expected benefits for consumers and market integrity. The proposed deferral arrangements will apply equally to all firms that apply during the relevant application window for authorisation as a UK QCATP operator or an intermediary, and which are subsequently authorised as such, thereby minimising any adverse effects on competition. Further, by granting QCATP applicants a longer period in which to publish their QCDDs, the proposals help to ensure that a larger number of firms can continue to make available to retail consumers, those qualifying cryptoassets which they had already admitted to trading, thereby supporting competition in the interests of consumers.

4.37 We are also satisfied that the amendments are compatible with the FCA's secondary international competitiveness and growth objective, as they provide a clear and proportionate regulatory framework that supports innovation and market confidence while maintaining appropriate consumer protection and market standards.

4.38 We also consider that mitigating the risks of market disruption and cliff-edge effects warrants the limited and targeted deferral of certain consumer protections which the full regime will offer.

## 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

# Complaints Reporting Review: further Handbook amendments

## Introduction

5.1 We consulted on changes to complaints reporting in Consultation Paper (CP) CP25/13 and finalised rules in Policy Statement (PS) PS25/19. The relevant DISP rules in the Handbook take effect from 31 December 2026, ahead of the first 6-monthly reporting period under the new requirements, 1 January to 30 June 2027. We are proposing to make further changes to clarify the DISP rules so that they take effect alongside the changes previously made which come into force on 31 December 2026.

1. We have identified that 1 data point in the Consumer Credit Return (CCR) incorrectly duplicates a reporting requirement in the Claims Management Companies (CMC) return. The duplicated data point relates to redress paid in connection with the claims management fee cap where this was done at the firm's instigation rather than as the result of a complaint about the fee. The policy intention is that relevant firms report this information in the CMC return only. It is not relevant for firms to report this information in the CCR return.
2. We have identified that the relevant DISP rules in DISP 1.10 and DISP 1.10A do not properly reflect our confirmed policy position on complaints data publication. Our stated policy is that these requirements should apply to all firms, including payment services and e-money firms, where these firms have received 500 or more complaints in a 6-month reporting period. The purpose of this amendment is to ensure the definition of 'firm' in the Handbook Glossary of definitions makes clear that payment services and e-money firms are within the scope of the relevant DISP complaints data publication requirements.

## Summary of proposals

### Proposal 1 – removing a duplicate CCR data point on claims management fee cap redress

5.2 We propose to amend DISP 1.10.1IR to remove the incorrect duplicate data point from the CCR return. This proposal does not change our policy intention. It simply corrects an oversight to clarify that the information should not be reported in the CCR return because the same information is captured, where relevant, through the CMC return.

5.3 Removing the duplicate CCR data point before the new reporting requirements take effect will ensure the rules are clear and reduce the risk of firms or other stakeholders being confused and seeking clarification, which will require more of our resource to manage and respond to.

**Question 5.1: Do you agree with our proposal to remove from the CCR return the requirement to report redress paid in relation to the claims management fee cap, where this information is already required through the CMC return? If not, please explain why.**

### Proposal 2 – clarifying that the complaints reporting data publication rules applicable to all firms include payment services and e-money firms

**5.4** In CP25/13, we stated (paragraph 4.9, bullet point 3) that our proposal to consolidate 5 current complaint returns into 1 'will enable us to publish data covering a broader range of firms. This will improve the visibility of complaint trends across financial services.' Furthermore, we stated, in paragraph 4.10, that 'We propose to publish individual firm information where the firm has received greater than 500 complaints in a 6-month period.' We made it clear that the changes to the data publication requirements would apply to all firms reporting complaints data to us, including payment services and e-money firms, and confirmed this policy position in PS25/19.

**5.5** As a result of our previous Handbook changes (PS25/19), DISP 1.10B (Payment services and electronic money complaints reporting) is deleted in full, from 31 December 2026. However, the Glossary definition of 'firm' for the purposes of complaints data publication does not currently make clear that payment services and e-money firms fall within scope, as intended by our policy position. This amendment addresses that gap by clarifying that firms in this sector are subject to the complaints reporting and publication requirements where they have met the threshold of reporting 500 or more complaints in a 6-month reporting period.

**Question 5.2: Do you agree with our proposal to amend the definition of 'firm' in the Handbook Glossary to reflect that the DISP rules on requiring publication of complaints data should include payment services and e-money firms? If not, please explain why.**

## Rule Review Framework

**5.6** The FCA's Rule Review Framework states that, while we will generally monitor key metrics of new rules, this is not required 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 these proposals, we are satisfied that they are exempt from the requirement to be monitored under the Framework.

## Cost benefit analysis

**5.7** Under section 138L(3) of the Financial Services and Markets Act 2000 (FSMA), we do not need to publish a cost benefit analysis (CBA) if we consider that the proposals will not increase costs or that any increase will be of minimal significance. We do not consider that these proposals will increase costs for firms. They are aligned with policy positions we have already taken account of in our revised CBA published in PS25/19.

**5.8** Proposal 1 removes a duplicate data point and does not require firms to take any new action. Also, given that approximately 13,800 firms are in scope of the CCR return (see CBA in CP25/13) the potential to avoid confusion by making the rules clearer seems significant. So far, 3 firms have sought clarification from us on this unintended CCR data point, and it seems likely that this number would increase as we approach, and then enter, the first reporting period covered by the changes to the complaints reporting rules.

**5.9** Proposal 2 will ensure alignment with the relevant DISP complaints data publication rules and accurately reflect the policy position set out in PS25/19. According to our CBA, historically only around 30% of 1,800 firms have submitted any payment services complaints. Also, the requirement to publish complaints data will depend on an individual firm receiving at least 500 complaints in a 6-month reporting period.

**5.10** In CP25/13, we highlighted both the overall efficiency and qualitative benefits of our package of complaints reporting changes, which should outweigh the initial costs of implementation. These include providing consumers with better quality information about firms and avoiding future consumer harm by identifying harm earlier through trends in complaints data. We also received very strong feedback to support publishing data for firms with 500 or more complaints in a 6-monthly reporting period.

### Impact on mutual societies

**5.11** 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.

**5.12** 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

**5.13** 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).

**5.14** We are satisfied that the proposed amendments are compatible with our objectives and other legal obligations. By removing a duplicate reporting requirement and clarifying the application of complaints data publication requirements, the proposed changes support clearer and proportionate regulatory reporting. Clear reporting requirements help firms understand what they need to submit and help us receive the information we need to meet our statutory objectives.

## Equality and diversity

**5.15** 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.

**5.16** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

## Chapter 6

# Removing the reference to the 2-stage complaints process for the Society of Lloyd's

## Introduction

6.1 The Society of Lloyd's (Lloyd's) currently operates a 2-stage complaints-handling procedure for its customers (see section 1.5 in Code for Complaints Handling (March 2024).pdf). At a high level, the process works as follows:

- **Stage 1:** A Lloyd's managing agent carries out their review of a complaint from a complainant and provides a response within 2 weeks.
- **Stage 2:** Where agreement is not reached after Stage 1, customers can escalate their complaint to Lloyd's for an independent review to receive a final response, typically within 8 weeks.

6.2 Data from Lloyd's indicates that in 2025, Lloyd's received 7,400 UK complaints, of which 10% proceeded to Stage 2.

6.3 Lloyd's is seeking to change from a 2-stage complaints process to a single stage process. Under the proposed single-stage process, managing agents will be solely responsible for handling complaints, with Lloyd's no longer having direct contact with complainants. Lloyd's will, however, retain a residual power to intervene in individual complaints where it considers this necessary. This residual power includes the power to mandate the offer of redress, in appropriate circumstances, as currently provided for in the 'Code for Complaints Handling' of Lloyd's. Lloyd's intends to continue to review all complaints that escalate to the UK Financial Ombudsman Service.

6.4 Irrespective of this, a final response will be provided within 8 weeks.

## Summary of proposals

6.5 On account of the structure of Lloyd's and the relationship with its managing agents, we make provisions in DISP 1.11 (The Society of Lloyd's) for how complaints handling rules apply to it. The Lloyd's 2-stage complaints process is written into the Handbook at DISP 1.11.8G. Therefore, for Lloyd's to change this process, a change must be made to the Handbook. Subject to views from stakeholders, we propose amending DISP 1.11.8G by removing the reference to a 2-stage complaints process.

6.6 The proposed modification would change Lloyd's complaint handling process, bringing it in line with the FCA's expectations for other firms. We do not consider there to be a clear justification for holding Lloyd's to a different standard.

Moreover, Lloyd's should have the discretion to operate its business as it sees fit, so long as customers remain appropriately protected. This amendment would not change the policy intention behind our Handbook guidance. The guidance would continue to ensure that customers are able to make complaints and have them assessed and resolved promptly.

**6.7** Below are the potential impacts of the change on 3 groups:

1. Customers of Lloyd's and managing agents
2. Lloyd's and its managing agents themselves
3. The Financial Ombudsman Service (the Financial Ombudsman)

## Impact on customers of Lloyd's and managing agents

**6.8** This change would benefit complainants by offering them a simpler process due to the removal of the second stage of the process. A complainant will deal with 1 party rather than 2 (aside from those instances in which Lloyd's exercises its residual power to intervene).

**6.9** Complainants who are not satisfied with the decision on their complaint will also have a more direct path. They will be eligible to take their complaint directly to the Financial Ombudsman, rather than needing to go through the second stage of the Lloyd's process before their complaint becomes eligible for the Financial Ombudsman.

**6.10** As noted, Lloyd's may become involved in some cases, but this may add a further layer of oversight and protection for its customers in the complaints process.

**6.11** A potential negative impact on complainants from the change is that, rather than having a stage 1 response from the managing agent to their complaint within 2 weeks, they may have to wait up to 8 weeks for a response from the managing agent. However, this negative impact is mitigated by the fact that while complainants may have to wait longer for that initial response, there should be no change in the amount of time before they are able to refer a complaint to the Financial Ombudsman (maximum 8 weeks).

## Impact on Lloyd's and managing agents

**6.12** There would also be benefits to Lloyd's and its managing agents from the move to a single-stage process. Managing agents would have more time to address a complaint (8 weeks) rather than the current 2.

**6.13** Having more time to investigate a complaint may help managing agents to provide better-analysed responses than is possible in the current 2-week period. This may help mitigate somewhat the withdrawal of Lloyd's from mandatory involvement in the complaints process.

**6.14** It may also benefit agents in that they will be able to maintain a single complaints process for all their business following the change. Currently, Lloyd's members that receive complaints as regulated persons use the Lloyd's process and separately regulated activities not through Lloyd's need a second set of processes, templates and/or procedures.

**6.15** The new single-stage process may also better reflect the FCA's expectations of managing agents as authorised firms, namely that they should properly resolve the complaints they receive.

## Impact on the Financial Ombudsman

**6.16** Changing from a 2-stage complaints process would likely mean an increase in the number of complainants referred to the Financial Ombudsman because they are unhappy with the managing agent's decision, albeit as noted above, only a minority of UK complaints proceeded to stage 2 in 2025. Lloyd's would no longer act as a first route of appeal for those complainants dissatisfied with the managing agent's decision.

**6.17** Based on Lloyd's analysis of complaint data covering H2 2024 and H1 2025, approximately 600 more complaints would have gone to the Financial Ombudsman in this 12-month period under a single-stage process. (This is calculated on the basic assumption that any complaint that was escalated to Lloyd's for review would be escalated to the Financial Ombudsman. In reality, Lloyd's would expect the number to be lower.) However, this potential increased workload for the Financial Ombudsman might be offset by an increase in case fees coming to the Financial Ombudsman from cases from managing agents. Under the proposed new process, Lloyd's will retain responsibility for engaging with the Financial Ombudsman rather than being the responsibility of managing agents.

## Overall view

**6.18** Moving from a 2-stage process would have several benefits. For complainants, it would simplify their complaint journey and offer a more direct path to the Financial Ombudsman. There would also be positive impacts for Lloyd's and its managing agents, such as giving the latter a longer time (8 weeks) to provide responses. Having longer to consider complaints may also result in complainants receiving better-analysed responses.

**6.19** Potential negative impacts following this change should be mitigated or offset; it may take longer for complainants to receive a response, but the overall time before a complainant can go to the Financial Ombudsman would not change and response times would be aligned with the 8-week time limit that works well for most complaints. The Financial Ombudsman may receive more cases, but this will help complainants receive an independent view on their complaint more efficiently. Impacts on the Financial Ombudsman will be partially offset by the potential additional case fees they will collect.

**6.20** Having weighed up these potential impacts, we therefore propose removing the guidance in DISP 1.11.8G which sets out Lloyd's operating a 2-stage complaints process to enable it to move to a single-stage process.

**Question 6.1:** **Do you agree with our proposal to amend the guidance in DISP 1.11.8G to enable Lloyd's to move from a 2-stage complaints process to a single-stage process? If not, please explain why.**

## Rule Review Framework

**6.21** 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

**6.22** Under section 139A(5) of the Financial Services and Markets Act 2000 (FSMA), the FCA is required to take certain steps, including undertaking a consultation, before creating new guidance. However, the FCA is not required to publish a cost benefit analysis (CBA) when consulting on the creation or amendment of guidance.

**6.23** Our Statement of Policy on Cost Benefit Analyses sets out that it is our policy to produce a CBA for guidance 'if a high-level assessment of the impact of the proposal identifies an element of novelty, which may be in effect prescriptive or prohibitive, that may result in significant costs being incurred.' However, we do not believe that there will be a significant increase in costs due to our proposals. This is because the changes to the complaints-handling process' of Lloyd's involve removing a stage of the process, potentially making it more efficient overall. There may be some increase in costs for the Financial Ombudsman (FOS) due to additional complaints they may receive. However, the number of potential additional complaints represents a very small increase compared to the total number of complaints FOS receives each year and any additional costs to them may be offset by an increase in case fees.

### Impact on mutual societies

**6.24** Clause 22 of the Financial Services Bill 2012 amends the rule-making powers in the Financial Services and Markets Act 2000 (FSMA) to require the FCA 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 do not consider that this change will have an impact on mutual societies.

## Compatibility statement

**6.25** 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).

**6.26** 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. The proposed change will secure an appropriate degree of consumer protection because consumers will continue to be able to complain to a managing agent if things go wrong. They may experience a simplified complaints journey due to the removal of a stage of the complaints process of Lloyd's, including a more direct route to FOS.

## Equality and diversity

**6.27** 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.

**6.28** 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

# Updating Money Market Fund reporting requirements

## Introduction

7.1 This chapter sets out our proposed changes to the FCA's reporting requirements for Money Market Funds (MMFs). The changes are intended to form part of the FCA's wider proposed new funds reporting framework, 'Fund Reporting for Asset Management Entities' (FRAME). Some of the proposed changes (new weekly reporting for MMFs) would be implemented prior to FRAME, and further proposals provide for continuity in quarterly MMF reporting for UK MMFs prior to FRAME implementation.

7.2 The FRAME proposals are currently under consultation in Consultation Paper (CP) CP26/26 and are intended to replace the current fund reporting requirements for funds with a single framework calibrated to the type, size and activity of the fund. The majority of this chapter sets out proposals for how MMF reporting will align with and form part of FRAME, adding to and modifying as appropriate the changes proposed in CP26/26.

7.3 The proposals also form part of the wider reform of the UK MMF regime, which was consulted on in CP23/28. CP23/28 contains measures intended to enhance the resilience of MMFs, as well as create a framework more suited to the needs of the UK market.

7.4 The main proposals here are intended to achieve the objectives of both the FRAME and MMF reforms – ensuring a simple and more proportionate set of requirements that will allow us to understand any vulnerabilities in MMFs domiciled in, or marketing into, the UK on an ongoing basis.

7.5 All UK domiciled MMFs (UK MMFs) are subject to existing reporting requirements, as follows:

- Details of the fund and its holdings on a quarterly basis as set out in the UK Money Market Funds Regulation (MMFR)
- Net Asset Value (NAV) information on a daily basis under MMFR article 29(5)

7.6 Overseas MMFs marketing in the UK are required to report quarterly (and provide NAV information daily) under the UK MMFR, although we have chosen not to enforce these requirements at this time.

## Summary of proposals

7.7 We are consulting on 2 main changes to the current reporting arrangements for MMFs:

1. In place of the current quarterly reporting through the MMFR reporting template, to instead integrate MMF reporting into the wider FRAME reporting arrangements. We propose to apply some but not all of the elements of both the FRAME 'essential' and 'enhanced' reporting, along with one additional MMF-specific data point (MMF type), to all MMFs. Overall, this would reduce duplication in reporting and remove unnecessary data items, as well as applying a consistent reporting regime across all MMFs.

   Under our proposals, Managers of both UK and non-UK (overseas) MMFs marketing into the UK would report on a quarterly basis with a 30-day 'lag' time between the end of the reporting period and the date of submission.

2. To replace daily reporting of NAV with weekly reporting of a limited number of metrics. These would include data on NAV, MMF liquidity buffers and NAV per unit/constant NAV per unit (daily breakdown over the week), and other metrics such as MMF maturity metrics and net flows (as at the end of the week), to support timely oversight. We propose to require this of all UK and overseas MMFs marketing into the UK.

### Amendments to quarterly reporting

7.8 We have reviewed our existing MMF quarterly reporting requirements to identify those that are not needed for supervisory insight. For example, we do not see the need for reporting on the detailed results of stress testing and data only relevant to specific EU Member State requirements. Other data points that we propose removing are those that are static, rarely change and do not need to be collected through ongoing reporting.

7.9 We also considered FRAME's proposed data requirements, both essential and enhanced, which are divided into 'modules' or sub-divisions – see Figure 1 on page 72 of FRAME CP26/26. We are proposing to apply those FRAME 'modules' (from the essential or enhanced requirements) we consider appropriate and relevant for MMFs. Please see the table below, adapted from Figure 1 in CP26/26.

7.10 In addition, we propose to continue to collect the type of MMF (Public Debt Constant Net Asset Value (PD CNAV), Low Volatility Net Asset Value (LVNAV), Short-Term Variable Net Asset Value (VNAV), Standard VNAV or other) in the quarterly reporting.

This is an illustrative diagram.

| | | Types of fund set at fund authorisations gateway | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-MMF Regulatory Classification | | | | | Non MMF Unauthorised AIF Descriptive Classification | | | | | MMF |
| **Threshold** | **Sections of Form** | UK UCITS | NURS | LTAF | QIS | OFR/s272 Funds | Hedge Fund | Loan Origination Fund | Private Equity Fund | Infra/Real Estate Fund | Other Fund | MMF |
| **Funds <£500m (Essential Reporting)** | Common Essential Requirements | y | y | y | y | y | y | y | y | y | y | y |
| | VaR (Essential) | y | n | n | n | n | n | n | n | n | n | n |
| | Counterparty Exposure (Essential) | c | c | c | c | c | y | c | c | c | c | n |
| **Funds >£500m (Enhanced Reporting)** | Fund Profile & Strategy | y | y | y | y | n | y | y | y | y | y | y |
| | Dealing Terms & Investor Rights | y | y | y | y | n | y | y | y | y | y | y |
| | Investor Base | y | y | y | y | n | y | y | y | y | y | y |
| | Fees, Performance & Flows | y | y | y | y | n | y | y | y | y | y | y |
| | Portfolio Concentrations | n* | n* | y | y | n | y | y | y | y | y | n |
| | Liquidity Risk & LMTs | y | y | y | y | n | y | y | y | y | y | y |
| | Portfolio Exposures | n | n | y | y | n | y | y | y | y | y | n |
| | Private Markets | n | n | p | p | n | n | y | y | y | n | n/a |
| | Portfolio Sensitivities & VAR | y | y | y | y | n | y | n | n | n | n | n |
| | Share Classes & Benchmarks | y | y | n | n | n | n | n | n | n | n | y |
| | Holdings | y | y | n | n | n | n | n | n | n | n | y |
| | Counterparty Exposure & Borrowing | c | c | c | c | n | y | c | c | c | c | n |
| | Event-based Reporting | n | n | n | n | n | y | n | n | n | n | n |
| | MMF specific add on (MMF type) | n | n | n | n | n | n | n | n | n | n | y |

**Key:** y Required n Not Required c Required if is leverage used p Required if the fund is a private market fund

* Please note that this is a correction to the table in CP26/26 which incorrectly states portfolio concentrations as being in scope of UK UCITS and NURS reporting.

## Replacement of daily reporting with weekly reporting

**7.11** For financial stability reasons, we need frequent, ongoing reporting of data that may suggest MMF vulnerabilities with potential implications for the wider UK financial system and economy. We propose to collect the data below on a weekly basis, but with daily values reported (in that weekly report) in some cases. The requirements would be the following as at the end of the business week, but for the requirements highlighted in bold daily values (end of business day) would be required, with these daily values to be reported in the weekly report:

- the name of the MMF and its Product Reference Number (PRN);
- where the AIFM or operator of the fund is an authorised person, the MMF's LEI;
- where the AIFM or operator of the fund is not an authorised person, the MMF's LEI (if available);
- **the NAV of the MMF:**
- **for any MMF that is an LVNAV MMF or a public debt CNAV MMF (operates or is intended to operate so that it can issue or redeem units at a price that is equal to the constant NAV per unit), the:**
  - **NAV per unit; and**
  - **constant NAV per unit (shadow NAV);**
- the weighted average maturity of the MMF;
- the weighted average life of the MMF;
- **the percentage of the MMF's assets qualifying as 'daily liquid assets' (DLA):**
  - **for UK MMFs, daily liquid (maturing) assets are defined under MMFS 5;**
  - **EU MMFs would report DLA as defined under the EU MMFR;**
- **the percentage of the MMF's assets qualifying as 'weekly liquid assets' (WLA):**
  - **for UK MMFs, weekly liquid (maturing) assets as defined under MMFS 5;**
  - **EU MMFs would report WLA as defined under the EU MMFR;**
- **the percentage of assets that mature in over 5 days but can nonetheless be treated as included in the WLA, under applicable derogations – for examples under MMFS or the EU MMFR;**
- the MMF's portfolio liquidity profile – the percentage of the MMF's portfolio that is capable of being liquidated in normal circumstances within:
  - 1 day or less;
  - 2 to 7 days;
  - 8 to 30 days; or
  - above 30 days,

  without a significant price discount to the expected market value of the assets;
- the approximate percentage of the MMF's equity that is beneficially owned by the MMF's 5 largest investors (the 5 beneficial owners that have the largest equity interest in the MMF as a percentage of NAV); and
- net flows over the week into and out of the MMF (subscriptions less redemptions).

**7.12** We propose to apply these limited weekly reporting requirements to the managers of UK MMFs and overseas MMFs marketing into the UK.

## Implementation timeline and temporary continuity of quarterly MMF reporting

**7.13** The FCA has committed to make rules implementing wider MMF reforms (in the FCA Handbook, in the proposed new MMF sourcebook (MMFS)) by the end of 2026. We expect to bring these new rules into force in Q3 2027. At this point the existing UK MMFR would be revoked, including the current quarterly reporting requirements.

**7.14** Meanwhile, we expect to publish a Policy Statement (PS) and make final rules for FRAME in the first half of 2027, with the aim of having the FRAME regime fully implemented in 2028. These final rules would include the MMF quarterly and weekly reporting that we propose to integrate into FRAME as set out above.

**7.15** The FCA is undertaking significant systems development to support this – and we recognise that firms will need to upgrade their own arrangements. In the FRAME CP (paragraph 8.11), we have asked firms how much time they would need to prepare for the new reporting requirements we propose, we are interested in feedback from all respondents to this question.

**7.16** We intend that the FRAME PS would also include final rules for the earlier implementation of the weekly MMF reporting (UK and overseas MMFs), and rules for the temporary continuation of quarterly 'MMFR type' reporting (UK MMFs only), both to apply between the MMFR being revoked and FRAME being implemented. Both are set out in draft MMFS 8 in the draft instrument to the QCP (the MMFS 8 weekly requirements rules being identical to those for the permanent weekly reporting to be delivered through FRAME in due course).

**7.17** We propose to bring the weekly requirements for all MMFs into force in line with the implementation of the wider MMF reforms (MMFS etc) in Q3 2027 because of the importance of ongoing financial stability monitoring. Daily NAV reporting would no longer be required from that point.

**7.18** We envisage the operational arrangements for the new weekly UK and overseas MMF reporting for the pre-FRAME period being relatively simple, and we will advise further on this in due course.

**7.19** The continuity temporary 'MMFR type' quarterly reporting for UK MMFs in draft MMFS 8 is almost identical to the MMFR requirements. Unlike the draft rules for MMFS 8 in CP23/28, reporting will remain in euros, as we aim for minimum disruption to existing UK MMF reporting arrangements for this interim period. Our draft rules remove the need for UK MMFs to continue to report stress testing data to us. However, should Managers prefer to continue to send us that information, this will be possible. UK MMFs can continue to use existing reporting systems and arrangements for this interim reporting.

**Question 7.1:** **Do you agree with our proposed approach to MMF quarterly reporting, including the alignment with FRAME? If not, please explain why.**

**Question 7.2:** **Do you agree with our proposals for weekly MMF reporting? If not, please explain why.**

**Question 7.3:** **Do you agree with our proposed implementation timetable? If not, please explain why.**

## Rule Review Framework

**7.20** 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.

### Data collection

**7.21** As with FRAME overall, the data collected under our proposed MMF reporting will be used for supervisory monitoring and market integrity analysis by the FCA, and will be used by the Bank of England (the Bank) to help support its objectives of financial stability and risk assessment, as part of our continued joint work to improve data sharing across UK authorities. This data collection is one part of a broader set of data reporting available to authorities for supervision and monitoring risks.

## Cost benefit analysis

**7.22** Section 138L(3) of the Financial Services and Markets Act 2000 (FSMA) provides an exemption from the requirement to produce a cost benefit analysis where we consider that there will be no increase in costs or that any increase in costs will be of minimal significance. We consider that the changes proposed in this chapter are not likely to result in cost increases, or that any cost increases will be of minimal significance. We therefore consider that no cost benefit analysis is required.

**7.23** In reaching this view, we have taken into account that the proposals are intended to maintain continuity of existing MMF quarterly reporting during the interim period, avoid unnecessary and duplicative reporting requirements once FRAME is implemented, and focus additional weekly reporting on a targeted set of supervisory metrics. Benefits of the proposals include improved ability to understand and monitor MMF stability-related risks while reducing reporting burden, albeit marginally. The proposals are also not intended to require funds to create new data, as our proposed data points for reporting are either already reported on by both UK and non-EU MMFs, or used regularly by the managers of MMFs in managing the funds. Funds are not expected to have to undertake significant additional IT changes to comply with these MMF reporting proposals.

### Impact on mutual societies

**7.24** We have considered whether the proposed rules would have a significantly different impact on mutual societies compared with other authorised persons. We do not expect the proposals in this chapter to have a significantly different impact on mutual societies.

## Compatibility statement

**7.25** 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).

**7.26** We consider that the proposals in this chapter will support financial markets that function well and advance our integrity (financial stability) and consumer (MMF investor) protection objectives. They should do this by improving the timeliness and relevance of supervisory information available to us, while avoiding unnecessary duplication and reporting burdens for firms and other fund operators. The Weekly Snapshot should provide our supervisors with earlier visibility of liquidity, resilience and valuation indicators, while the quarterly reporting proposals should align MMF reporting with FRAME and duplicate and unnecessary data collection where appropriate.

**7.27** We are satisfied that the proposed amendments are compatible with our objectives and other legal obligations. We are satisfied that any burdens or restrictions are proportionate to the expected benefits.

**7.28** We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective. By aligning MMF reporting with FRAME and seeking to reduce unnecessary duplication, the proposals should support a more proportionate and coherent reporting framework for firms.

## Equality and diversity

7.29 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). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.

7.30 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 8

# Consumer Composite Investments (CCIs): amendments to DISC and COBS

## Introduction

8.1 In December 2025, we published our Policy Statement (PS) PS25/20: Supporting informed decision making: Final rules for Consumer Composite Investments (CCIs). The CCI regime replaced the EU-derived Packaged retail and insurance-based investments (PRIIPs) regime and Undertakings for Collective Investment in Transferable Securities (UCITS) Key Investor Information requirements, and aims to better support retail investors to understand and engage with information about packaged investment products, so they can make properly informed decisions.

8.2 Following publication of the final rules, we have identified areas where minor corrections are required to ensure clarity and that the rules achieve the policy intent. The corrections we are proposing relate to the Product Disclosure sourcebook (DISC), but as noted in PS25/20 we are also proposing to amend the rules in Conduct of Business sourcebook (COBS) for the presentation of past performance, to align them with the new DISC rules.

8.3 Some of the proposed amendments are corrections of typographical or technical errors, while others are clarificatory drafting edits based on feedback received. We want to ensure that the rules are clear and coherent to minimise the compliance burden and support firms in delivering good outcomes.

8.4 As the rules in DISC apply to Gibraltar firms that distribute CCIs in the UK to retail investors, the amendments we are proposing would also apply to these firms.

### Summary of proposals (excluding typographical and cross-referencing errors)

| | | |
|---|---|---|
| 1. | Amendments to the rules for the volatility calculation methodology. | We clarify the options for the data used for this calculation and what it means for a CCI to have no track record. |
| 2. | Clarification of the types of costs and charges to which DISC 6.2.3R applies. | For costs and charges of a non-GBP priced CCI, we clarify that the rule does not apply to costs and charges that are percentage-based. |
| 3. | Minor change to DISC 7.1.4R. | To make clear that distributors cannot produce their own product summary. |
| 4. | Amendment to DISC 7.5.3R. | To clarify that the past performance of master fund can be used for the purposes of simulating its feeder fund's past performance. |
| 5. | Minor changes to DISC 7.3.3R and DISC 7.3.4R. | Corrections to the language used for the rule. |

| | | |
|---|---|---|
| 6. | Amendment to TP 2.3G (4). | To clarify that Temporary Marketing Permission Regime (TMPR) funds will be able to continue producing a product summary if they wish to after 1 January 2027. |
| 7. | Changes to align COBS 4.6.2R(2) and COBS 4.5A.10R(2) with DISC 7.1.1R(2)(a) rules for the presentation of past performance. | We align the period of past performance required between these rules, as well as the wording used to warn investors that past performance cannot be relied on to predict future performance. |
| 8. | Exclusion of Enterprise Investment Scheme (EIS) funds from past performance requirements in DISC 7.2. | An exclusion to the rule for these CCIs from the requirement to include a line graph showing its past performance in the product summary. |
| 9. | Amendments to TP2.1R and TP2.2R to extend the implementation period for CCI products that are closed to new business. | We give manufacturers of CCI products that are closed to new business but allow additional contributions from existing investors more time to comply with the new regime. |

## Typographical and cross-referencing errors

| Rule or Guidance provision | Issue with current drafting | Proposed correction |
|---|---|---|
| DISC 2A.3.1R(2)(iv) | Refers incorrectly to 'risk and reward'. | Change to 'risk and return'. |
| DISC 3.1.1R(3)(a) | Incorrectly cross references DISC 2A.4.1R. | Amend to cross reference DISC 2A.4.2R. |
| DISC 3.1.4R(3) | Cross references requirements in DISC 4 only. | Amend to cross reference DISC 4, 5, 6 and 7. |
| DISC 3.5.3R(2) | Incorrectly references the rationale for an adjustment of the initial risk and return score. | Delete this reference. |
| DISC 5.2.4R(2) | Does not explicitly link formula to volatility track record. | Add reference to the volatility track record. |
| DISC 5.8.1R(11) | Refers incorrectly to 'risk and reward'. | Change to 'risk and return'. |
| DISC Sch 1.2G | Incorrectly references DISC 5.7.3R. | Amend to reference DISC 5.6.8R. |

## Amendments to clarify rules

**8.5** We propose to replace DISC 5.2.1R(1) and DISC 5.2.2R with DISC 5.2.1AR, to clarify the choice of data firms must use to calculate the volatility of a CCI and remove scope for interpreting the use of actual performance data, where it exists, as optional. We also propose that DISC 5.3.1AR replace DISC 5.3.1R to make similar clarifications that would apply to structured products. We intend to add DISC 5.2.2AR and DISC 5.3.1BR to clarify what it means for a CCI to have no track record, and the initial risk and return score that would apply in that case, more clearly linking up these sections to DISC 5.5.1R(6), which deals with products with a pre-set initial risk and return score.

**8.6** We also propose to consequentially amend DISC 5.5.1R(6) to reference DISC 5.2.2AR and DISC 5.3.1BR. This amendment also removes an incorrect reference to '5 years' of performance information which was inadvertently left unchanged between the rules we originally proposed in Consultation Paper (CP) CP26/24 and the final rules published in PS25/20. We had intended all rules to refer to a period of 10, rather than 5 years, so as to align risk and return calculations with the presentation of past performance, as respondents had suggested. We are also proposing a minor consequential change to DISC 7.1.1R for consistency with the language being used (and proposed to be used in COBS 4.5A.10R(2) and COBS 4.6.2R(2)) in relation to the time period for performance information.

**8.7** DISC 6.2.1R(1) requires that costs and charges be calculated by using 'the applicable assumed investment amount'. For non-recurring investments, this is defined in the glossary as a hypothetical investment amount of £10,000. DISC 6.2.3R requires that the costs and charges of a CCI denominated in a currency other than pounds sterling must be calculated in pounds sterling and accompanied by a statement of the exchange rate used to calculate them. This requirement is redundant for costs and charges that are percentage based, as they will be calculated using the assumed investment amount of £10,000, and will therefore not need to be converted to pounds sterling. We propose amending DISC 6.2.3R to clarify the required conversion of costs and charges to pounds sterling does not apply where the cost or charge is expressed as a percentage.

**8.8** We intend to amend the drafting of DISC 7.1.4R as it refers to providing distributors with the information to 'produce' a line graph for the product summary. This might imply that distributors are able to produce their own product summaries, which they cannot do. Changing 'produce' to 'reproduce' would better meet our policy intention.

**8.9** DISC 7.2.1R requires that where past performance information is available, the product summary must include a line graph with the performance information. DISC 7.5.3R states that the information for the line graph for a feeder fund must not be related to the feeder fund's master fund. However, our intention was not to prevent use of the master fund's past performance information for the purpose of simulating past performance for the feeder fund. We propose to add to DISC 7.5.3R that the rule only applies to using the master fund's past performance for the purpose of showing actual past performance for its feeder fund.

**8.10** The drafting of DISC 7.3.3R is: 'the line graph must include lines for any benchmarks used for tracking the performance of that benchmark'. This drafting could imply that one benchmark must be used to track another benchmark, so we propose to amend the rule to clarify the requirement.

**8.11** DISC 7.3.4R begins with 'Where a *manufacturer* preparing the *product summary* includes a line in the line graph for any benchmark under this *rule*…'. Here, we intended to say 'section' and not '*rule*', which we intend to correct.

**8.12** We have received feedback that DISC TP 2.3G(4) implies Temporary Marketing Permissions Regime (TMPR) funds will have to produce a product summary from January 2027. Firms have queried our expectations if the TMPR is extended beyond the end of 2026. HM Treasury has since confirmed that it plans to extend the TMPR beyond the end of 2026 for money market funds. For the avoidance of doubt, even if the TMPR is extended, firms remaining in it who are subject to the requirements in DISC will retain the ability to adopt a product summary early. However, this will only become mandatory from June 2027, in line with the timeline for other products. We have clarified our guidance to this effect.

### Changes to align COBS and DISC rules for past performance

**8.13** COBS 4.6.2R(2) and COBS 4.5A.10R(2) include the requirements that past performance information in a firm's financial promotion must cover the investment's preceding 5 years, and must be based on complete 12-month periods. We want to align these rules with DISC 7.1.1R(2)(a), which requires 10 years of past performance that must end no more than 60 days before the manufacturer prepares the product summary. The proposed amendments would still allow manufacturers to show a longer window of time, which need not be in increments of complete 12 months. We also want to align the wording in COBS 4.5A.10R(4) and COBS 4.6.2R(4) on the required warning that potential investors should not rely on past performance to predict future performance, with DISC 7.2.2R(1). We are also proposing a small amendment to COBS 4.6.1R so as to explicitly reference information about performance, to more clearly align with the language of the remainder of the section.

**8.14** Following these proposed changes, the requirements in DISC 7 and COBS 4 will be more closely aligned, making it simpler for firms to comply with both sourcebooks and market their products.

### Exclusion of Enterprise Investment Scheme (EIS) funds from past performance requirements

**8.15** An Enterprise Investment Scheme (EIS) fund manager typically builds a distinct portfolio for each cohort of investors. Multiple cohorts may sit within a single umbrella alternative investment fund (AIF), where each investor's returns depend on the particular investee companies which were allocated to their portfolio, as well as when they subscribed to the fund and the timing of realisations.

**8.16** We have had feedback that a single line graph for such an umbrella fund would be materially misleading as it would not correspond to any individual investor's experience, depending on portfolio allocation and entry point.

**8.17** We therefore propose to exclude these products from the requirements of DISC 7.2.

#### *CCIs that are closed to new business*

**8.18** CCIs that do not accept new business but allow existing investors to make additional contributions are in scope of the regime. We have received feedback from some manufacturers that it will be particularly challenging to comply with the new regime by 8 June 2027 where firms have large back books of these legacy products alongside large ranges of products open to new business.

8.19 We appreciate that the move to the new regime is a significant operational undertaking. We want to ensure that manufacturers implement the new regime effectively so that consumers receive accurate and easily understandable information. We also acknowledge the challenge for manufacturers splitting their resources between new business and back-books. We therefore propose to extend the implementation period for CCIs closed to new business by 12 months. This means these products will not need to produce CCI disclosures until 8 June 2028. This extension will allow firms to prioritise disclosure changes for products open to new business, where the number of consumers potentially impacted is greater. It is important, however, that all products eventually transition to the new regime so that consumers can make properly informed decisions and compare key information across the whole market.

8.20 Products that are closed to both new business and additional contributions from existing holders are not within scope of the CCI regime.

**Question 8.1: Do you agree with our proposed changes? If not, please explain why.**

## Rule Review Framework

8.21 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. While we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework due to the nature of these changes, we will monitor the rules relating to the new Consumer Composite Investment regime as a whole.

## Cost benefit analysis

8.22 Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results, unless we consider the proposal will not give rise to any increase in costs or that the increase in costs will be of minimal significance.

8.23 We expect firms to incur no, or minimal, additional costs as a result of these proposals. As such, we have not conducted a CBA in accordance with the exemption under section 138L(3) of FSMA.

8.24 We expect that the relevant firms would realise modest cost savings as a result of the proposal to exclude EIS funds from past performance requirements in DISC 7.2, but it is not reasonably practicable to quantify those savings. Similarly, we expect that the extension of the transition period for CCIs that are closed to new business will reduce the present value of costs and may reduce the total value of costs for some of the relevant firms, but it is not reasonably practicable to quantify this impact.

### Impact on mutual societies

8.25 Clause 22 of the Financial Services Bill 2012 amends the rule-making powers in the Financial Services and Markets Act 2000 (FSMA) to require the FCA to provide an opinion on whether the impact of proposed rules on mutual societies is significantly different from the impact on other authorised persons. We do not consider that the changes we've proposed will have a significantly different impact on mutual societies than on other types of authorised persons.

## Compatibility statement

8.26 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).

8.27 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 also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective. These amendments would support a clear and coherent regime for consumer composite investments. By helping to ensure that retail investors receive information that helps them to make effective investment decisions, the proposals contribute to confidence in UK financial markets. This supports a well-functioning regulatory framework that is conducive to the international competitiveness of the UK financial services sector and its sustainable growth over the medium to long term.

## Equality and diversity

8.28 Investors in legacy insurance products that allow for top ups will tend to be older and may be more likely to have characteristics of vulnerability. The proposal to extend the implementation period for these CCIs therefore may have a negative impact on consumers with protected characteristics, because holders of these products will have a longer period without access to more engaging product information under CCIs. This may harm their ability to make properly informed investment decisions. However, on balance we believe the extended implementation period will allow for a more effective implementation of the rules, improving the information available to all investors in the long term, including those in protected groups or with characteristics of vulnerability.

8.29 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 that fractional shares meeting our proposed conditions should be defined as readily realisable securities for the purpose of our financial promotion rules? Please explain your reasoning.

Question 2.2: Do you agree with the conditions we have proposed in order for a fractional share to be treated as a readily realisable security? Please explain your reasoning.

Question 3.1: Do you agree with our proposed amendments to BCOBS 2.3.9G? If not, please explain why.

Question 3.2: Do you agree with our proposed amendments to BCOBS 2 Annex 1, Note 1? If not, please explain why.

Question 4.1: Do you agree with the proposal to provide a deferral period of up to 6 months of A&D and related requirements for UK QCATPs? If not, please explain why.

Question 4.2: Do you agree with the proposal that the deferral period for a qualifying cryptoasset should end if a QCDD for that qualifying cryptoasset is published during that deferral period? If not, please explain why.

Question 4.3: Do you agree with the proposal to provide a deferral period of up to 6 months of A&D and related requirements for Intermediaries? If not, please explain why.

Question 4.4: Do you have any comments on the proposed notification, disclosure and risk warning requirements? Please explain and provide data where appropriate.

Question 4.5: Do you agree with the proposed deferral of the execution venue requirements for intermediaries serving UK retail and elective professional clients? If not, please explain why.

Question 4.6: Do you agree with the proposed deferral of the execution policy requirements? If not, please explain why.

**Question 5.1:** Do you agree with our proposal to remove from the CCR return the requirement to report redress paid in relation to the claims management fee cap, where this information is already required through the CMC return? If not, please explain why.

**Question 5.2:** Do you agree with our proposal to amend the definition of 'firm' in the Handbook Glossary to reflect that the DISP rules on requiring publication of complaints data should include payment services and e-money firms? If not, please explain why.

**Question 6.1:** Do you agree with our proposal to amend the guidance in DISP 1.11.8G to enable Lloyd's to move from a 2-stage complaints process to a single-stage process? If not, please explain why.

**Question 7.1:** Do you agree with our proposed approach to MMF quarterly reporting, including the alignment with FRAME? If not, please explain why.

**Question 7.2:** Do you agree with our proposals for weekly MMF reporting? If not, please explain why.

**Question 7.3:** Do you agree with our proposed implementation timetable? If not, please explain why.

**Question 8.1:** Do you agree with our proposed changes? If not, please explain why.

## Annex 2

# Abbreviations used in this paper

| Acronym | Description |
|---|---|
| A&D | Admissions and Disclosures |
| AER | Annual equivalent rate |
| AIF | Alternative investment fund |
| BCOBS | Banking: Conduct of Business sourcebook |
| BSA | Building Societies Association |
| CBA | Cost benefit analysis |
| CCI | Consumer Composite Investment |
| CCR | Consumer Credit Return |
| CFD | Contract for difference |
| CMC | Claims Management Companies |
| COBS | Conduct of Business sourcebook |
| Code | British Bankers' Association/Building Societies Association 'Code of Conduct for the Advertising of Interest-Bearing Accounts' |
| COLL | Collective Investment Schemes sourcebook |
| CP | Consultation Paper |
| CRYPTO | Cryptoassets sourcebook |
| Cryptoassets Regulations | Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 |
| DISC | Product Disclosure sourcebook |
| DLA | Daily liquid assets |
| DP | Discussion Paper |
| EIS | Enterprise Investment Scheme |
| Financial Ombudsman Service | Financial Ombudsman |
| FRAME | Fund Reporting for Asset Management Entities |
| FSMA | Financial Services and Markets Act 2000 |
| ISA | Individual Savings Account |
| LEI | Legal Entity Identifier |
| LVNAV | Low Volatility Net Asset Value |
| MARC | Market Abuse Regime for Cryptoassets |
| MMFR | Money Market Funds Regulation |
| MMFs | Money Market Funds |

| Acronym | Description |
|---|---|
| NAV | Net Asset Value |
| NRRS | Non-readily realisable security |
| P | Person |
| PD CNAV | Public Debt Constant Net Asset Value |
| Practice Note | UK Finance and the Building Societies Association 'Annual Equivalent Rate (AER) Practice Note' as published on 4 February 2025 |
| PRIIPs | Packaged retail and insurance-based investments |
| PRIN | Principles for Businesses |
| PROD | Product Intervention and Product Governance sourcebook |
| PS | Policy Statement |
| QCATP | Qualifying Cryptoasset Trading Platform |
| QCDD | Qualifying Cryptoasset Disclosure Document |
| RMMI | Restricted mass market investments |
| RRS | Readily realisable security |
| Society of Lloyd's | Lloyd's |
| TMPR | Temporary Marketing Permissions Regime |
| UCITS | Undertakings for Collective Investment in Transferable Securities |
| UK QCATP | UK-authorised Qualifying Cryptoasset Trading Platform |
| VNAV | Variable Net Asset Value |
| WLA | Weekly liquid assets |

## Appendix 1

# Financial promotion rules applicable to fractional shares

# GLOSSARY (READILY REALISABLE SECURITY) 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 137D (FCA general rules: product intervention);
(c) section 137R (Financial promotion rules);
(d) section 137T (General supplementary powers); and
(e) section 139A (Power of the FCA to give guidance); and

(2) 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 powers 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 Glossary of definitions is amended in accordance with the Annex to this instrument.

## Citation

E. This instrument may be cited as the Glossary (Readily Realisable Security) Instrument 2026.

By order of the Board
[*date*]

## Annex

## Amendments to the Glossary of definitions

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

Amend the following definition as shown.

*readily realisable security*

(1) (except in *COBS* 4.12B, *COLL* and for the purposes of the definition of *non-readily realisable security*):

…

(2) (in ~~*COBS* 4.12B,~~ *COLL* ~~and for the purposes of the definition of *non-readily realisable security*~~):

…

(c) …

(3) (in *COBS* 4.12B and for the purposes of the definition of *non-readily realisable security*):

(a) an *investment* in (2)(a), (b) or (c);

(b) *rights to or interests in investments* in (2)(b) that are *shares* or *units*, provided that:

(i) the right or interest:

(A) is acquired from a *person* (P) who, pursuant to the terms of that acquisition, holds the *investment* in (2)(b) to which the right or interest relates (the 'related investment'); and

(B) can be *sold* on demand by the holder (H) back to P at a price that is in direct proportion to that of the related investment; and

(ii) for so long as H holds the right or interest, H has:

(A) a beneficial interest in the related investment; or

(B) an equivalent interest which, in the event of the insolvency of P, would result in H having an economic outcome that is no worse than if they had had a beneficial interest in the related investment.

## Appendix 2

# Amendments to BCOBS disclosure guidance

# Banking: Conduct of Business Sourcebook (Amendment) Instrument 2026

## Powers exercised

A. The Financial Conduct Authority ('the FCA') makes this instrument in the exercise of the powers in section 139A (Power of the FCA to give guidance) of the Financial Services and Markets Act 2000 ('the Act).

## Commencement

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

## Amendments to the Handbook

C. The Banking: Conduct of Business sourcebook (BCOBS) is amended in accordance with the Annex to this instrument.

## Instructions and notes

D. In the Annexes to this instrument, the instructions (indicated by '**Instruction:**') are included for the convenience of readers but do not form part of the legislative text.

## Citation

E. This instrument may be cited as the Banking: Conduct of Business Sourcebook (Amendment) Instrument 2026.

By order of the Board

[*date*]

## Annex

## Amendments to the Banking: Conduct of Business sourcebook

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

### BCOBS 2 Communications and financial promotions

…

### BCOBS 2.3 Other general requirements for communications and financial promotions

…

### BCOBS 2.3.9 | G

~~When designing a *financial promotion*, a *firm* may find it helpful to take account of the British Bankers' Association/Building Societies Association Code of Conduct for the Advertising of Interest Bearing Accounts.~~ [deleted]

…

### BCOBS 2 Annex 1 Form of Summary Box for Savings Accounts

### BCOBS 2 Annex 1 | R

This annex is referred to in *BCOBS 2.2A.1R*

| **Summary Box** | |
|---|---|
| … | |
| **Notes**: | |
| **Note 1**: A *firm* may wish to use the annual equivalent rate of interest and, where it does so, it ~~should~~ may find it helpful to take account of the ~~British Bankers' Association/Building Societies Association Code of Conduct for the Advertising of Interest Bearing Accounts~~ UK | |

| |
|---|
| Finance and the Building Societies Association 'Annual Equivalent Rate (AER) Practice Note' as published on 4 February 2025. |
| … |

## Appendix 3

# Deferral arrangements for the Cryptoasset Regime

# CRYPTOASSETS (TRANSITIONAL AND DEFERRAL RULES) 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 71N (Designated activities: rules);
(b) section 137A (The FCA's general rules);
(c) section 137T (General supplementary powers); and
(d) section 139A (Power of the FCA to give guidance);

(2) the following provisions of the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102):

(a) regulation 9 (Designated activity rules: qualifying cryptoasset public offers and admissions to trading); and
(b) regulation 36 (Disapplication or modification of rules); 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 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 Glossary of definitions is amended in accordance with Annex A to this instrument.

E. The Cryptoassets sourcebook (CRYPTO) is amended in accordance with Annex B to this instrument.

## Notes

F. In the Annexes 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

G. This instrument may be cited as the Cryptoassets (Transitional and Deferral Rules) Instrument 2026.

By order of the Board
[*date*]

## Annex A

## Amendments to the Glossary of definitions

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

[*Editor's note*: This Annex takes into account the changes introduced by the Cryptoassets (Intermediaries) Instrument 2026 (FCA 2026/39), which come into force on 25 October 2027.]

Insert the following new definition in the appropriate alphabetical position.

| | |
|---|---|
| *execution and order handling firm* | a *firm* to which *CRYPTO* 5 applies. |

# Annex B

## Amendments to the Cryptoassets sourcebook (CRYPTO)

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

[*Editor's note*: This Annex takes into account the changes introduced by the following instruments, which come into force on 25 October 2027:

(1) Glossary (Cryptoassets) Instrument 2026 (FCA 2026/35);
(2) Cryptoassets (Stablecoins) Instrument 2026 (FCA 2026/36);
(3) Cryptoassets (Admission of Qualifying Cryptoassets to Trading and Offers of Qualifying Cryptoassets to the Public) Instrument 2026 (FCA 2026/37);
(4) Cryptoassets (Market Abuse) Instrument 2026 (FCA 2026/38);
(5) Cryptoassets (Intermediaries) Instrument 2026 (FCA 2026/39);
(6) Cryptoassets (Trading Platforms, Transparency and Records) Instrument 2026 (FCA 2026/40); and
(7) Cryptoassets (Lending, Borrowing and Staking) Instrument 2026 (FCA 2026/41);
(8) Cryptoassets (Safeguarding) Instrument 2026 (FCA 2026/42);
(9) Cryptoassets (Client Assets Consequentials) Instrument 2026 (FCA 2026/43);
(10) Cryptoassets (Conduct and Firm Standards) Instrument 2026 (FCA 2026/44); and
(11) Cryptoassets (COREPRU and CRYPTOPRU) Instrument 2026 (FCA 2026/45).]

Insert the following new transitional provisions, CRYPTO TP 1 and CRYPTO TP 2, after CRYPTO 10 (Qualifying cryptoasset staking).

### TP 1 Transitional provisions relating to the admission of qualifying cryptoassets to trading on a UK QCATP

Application

| | | |
|---|---|---|
| TP 1.1 | R | The *rules* in *CRYPTO* TP 1 apply to a *UK QCATP operator* which has applied for *authorisation* to operate a *UK QCATP* during the relevant application period. |
| TP 1.2 | G | For the purposes of this chapter, the 'relevant application period' commences at 9:00am on 30 September 2026 and ends at 11:59pm on 28 February 2027 as directed by the *FCA* under regulation 52 of the *Cryptoassets Regulations* on 20 February 2026. |
| TP 1.3 | R | For the purposes of this chapter, the 'deferral period' is, in respect of a *qualifying cryptoasset* which is *admitted to trading* on a *UK QCATP*, the period beginning on the date on which the *UK QCATP operator* is *authorised* and ending, in respect of that *UK QCATP operator*, on the earlier of: |

(1) the date on which the *UK QCATP operator* publishes a *QCDD* in relation to that *qualifying cryptoasset*; or

(2) 6 *months* from the date on which the *UK QCATP operator* is *authorised* to act in this capacity.

Admission of qualifying cryptoassets to trading on a UK QCATP

TP 1.4 R (1) A *UK QCATP operator* is not required to comply with the *rules* listed in (2) during the deferral period in respect of a *qualifying cryptoasset* which:

(a) the *UK QCATP operator* had *admitted to trading* before it was *authorised* to operate a *UK QCATP*; and

(b) is subject to a notification under (3).

(2) The *rules* referred to in (1) are:

(a) *CRYPTO* 3.2.1R;

(b) *CRYPTO* 3.3.1R;

(c) *CRYPTO* 6.2.3R(1), (3) and (4);

(d) *CRYPTO* 6.2.4R; and

(e) *CRYPTO* 6.2.8R(2)(c).

(3) The *rule* in (1) only applies in respect of a *qualifying cryptoasset* where the *UK QCATP operator* notifies the *FCA* on the date of its *authorisation* of the following details:

(a) the *UK QCATP operator's* name and *LEI*; and

(b) the *digital token identifier* for that *qualifying cryptoasset*.

TP 1.5 G With regard to *CRYPTO* 3.3.1R, the effect of *CRYPTO* TP 1.4R(1) and (2) is that, for a *qualifying cryptoasset* which the *UK QCATP operator admitted to trading* prior to *authorisation* and which is subject to a notification under *CRYPTO* TP 1.4R(3), the publication of a *QCDD* can be deferred for a period of up to 6 *months*.

However, in all cases, when a *UK QCATP operator* publishes a *QCDD* for that *qualifying cryptoasset*, be that at the end of 6 *months* or earlier, the deferral period ends and *CRYPTO* 3 applies in full. Accordingly, the *UK QCATP operator* will need to have met all the relevant requirements, including with respect to assessing and publishing that *QCDD*, as set out in *CRYPTO* 3.2.1R and *CRYPTO* 3.3.1R.

TP 1.6 R A *UK QCATP operator* must, during the deferral period, disclose clearly, prominently and unambiguously, on the *UK QCATP* in relation to a *qualifying cryptoasset* in respect of which *CRYPTO* TP 1.4R(1) and (2) applies:

(1) that the pre-admission assessment that otherwise would be required by *CRYPTO* 3.2.1R has not been conducted for the *qualifying cryptoasset admitted to trading*;

(2) that a *QCDD* for the *qualifying cryptoasset* has not been published as otherwise would be required by *CRYPTO* 3.3.1R;

(3) the date on which the period referred to in *CRYPTO* TP 1.3R(2) ends; and

(4) the consequences for *retail investors*, including that:

(a) a *UK QCATP operator* may withdraw a *qualifying cryptoasset* from trading altogether or restrict trading in that *qualifying cryptoasset* to a particular class of investors, such as *institutional investors*; and

(b) where no *QCDD* has been published, a *retail investor*:

(i) may have access to less information about the *qualifying cryptoasset* than would otherwise be available as required by regulation 13 of the *Cryptoassets Regulations*;

(ii) will not have a right of action under regulation 14 of the *Cryptoassets Regulations* that might otherwise arise; and

(iii) will not be able to exercise any withdrawal rights under regulation 15 of the *Cryptoassets Regulations* that might otherwise have been available.

TP 1.7 G The disclosure statement in *CRYPTO* TP 1.6R and the risk warning in *CRYPTO* TP 1.8R are separate and cumulative requirements to inform a *UK QCATP operator's retail client* during the deferral period.

The purpose of the disclosure statement, which may be contained on a *UK QCATP's* webpage, as appropriate, is to inform a *retail investor* of the details of the deferral and its consequences. The purpose of the risk warning, which should be presented at the point before a *retail investor* places an order, is to draw the *retail investor's* attention to the risks associated with buying or subscribing for the *qualifying cryptoasset*.

TP 1.8 R (1) A *UK QCATP operator* must provide the risk warning in *CRYPTO* TP 1.6R(4) in writing to a *retail client*.

(2) The risk warning must be provided for each instruction of the *retail client* to trade, and prior to the execution of a *retail client's* order.

(3) The risk warning must be provided in respect of each *qualifying cryptoasset*.

(4) The risk warning must be disclosed clearly, prominently and unambiguously to the *client*.

(5) The wording of the risk warning is as follows:

[*Editor's note*: The use of italics in the risk warning below indicates text to be completed and is not indicative of terms in the Handbook Glossary.]

| |
|---|
| **Risk warning**:<br>The new cryptoasset rules that are now in force in the UK require firms to meet additional requirements designed to protect retail investors.<br><br>[*Name of UK QCATP operator*] is using a temporary deferral period that gives the firm additional time, until [*insert date (six months from the date the UK QCATP is authorised to operate a UK QCATP)*], to meet some of the new rules.<br><br>During this period, cryptoassets available on [*name of UK QCATP*] have not been admitted to trading in accordance with the new rules.<br>This means:<br><br>• [*name of UK QCATP operator*] may not have assessed and documented the risks and functionalities of available cryptoassets;<br><br>• it may be more difficult for you to understand these cryptoassets and their risks and make an informed investment decision; and<br><br>• there is a greater risk that you will not be allowed to buy or sell the now available cryptoassets on [*name of UK QCATP*] during the deferral period, or after it has ended on [*insert date (six months from the date the UK QCATP is authorised to operate a UK QCATP)*]. |

TP 1.9 G For the avoidance of doubt, a *UK QCATP operator* must comply, during the deferral period, with any applicable requirement not listed in *CRYPTO* TP 1.4R(2), including the relevant requirements imposed by and under Chapter 2 of Part 2 of the *Cryptoassets Regulations*, including *CRYPTO* 4.

**TP 2 Transitional provisions relating to execution and order handling firms**

Application

| | | |
|---|---|---|
| TP 2.1 | R | *CRYPTO* TP 2 applies to an *execution and order handling firm*. |
| TP 2.2 | R | *CRYPTO* TP 2.5R to *CRYPTO* TP 2.9R apply for a period of 3 *months*, from 25 October 2027 to 25 January 2028. |
| TP 2.3 | R | *CRYPTO* TP 2.10R to *CRYPTO* TP 2.15R apply for a period of 6 *months*, from 25 October 2027 to 25 April 2028. |
| TP 2.4 | G | *CRYPTO* TP 2 provides for continuity of execution services provided to *clients* by *persons* with the appropriate regulatory status. |

Order execution policy requirements for intermediaries

| | | |
|---|---|---|
| TP 2.5 | R | An *execution and order handling firm* is not required to comply with *CRYPTO* 5.4.23R and *CRYPTO* 5.4.25R. |
| TP 2.6 | G | On the expiry of the *rule* in *CRYPTO* TP 2.5R, *firms* are required to provide an order execution policy in compliance with the requirements in *CRYPTO* 5.4.23R and to obtain *client* consent in accordance with *CRYPTO* 5.4.25R. |

Execution venue requirements for intermediaries

| | | |
|---|---|---|
| TP 2.7 | R | An *execution and order handling firm* is not required to comply with the *rules* in *CRYPTO* 5.2.2R and *CRYPTO* 5.2.3R. |
| TP 2.8 | R | An *execution and order handling firm* must put in place adequate systems and controls to ensure that its *clients'* orders are not executed on a *qualifying cryptoasset execution venue* whose operation requires *authorisation* but which is not operated by a *firm*. |

Admission to trading requirements for intermediaries

| | | |
|---|---|---|
| TP 2.9 | R | An *execution and order handling firm* is not required to comply with *CRYPTO* 5.3 where a *qualifying cryptoasset* is *admitted to trading* on a *UK QCATP* in accordance with *CRYPTO* TP 1.4R(1) and (2). |

Disclosures and risk warning requirements

TP 2.10

(1) *CRYPTO* TP 2.11R to *CRYPTO* TP 2.15R apply to an *execution and order handling firm* that deals or arranges deals in a *qualifying cryptoasset*:

  (a) for a *retail client* who is not an *overseas retail client*; and

  (b) where the *qualifying cryptoasset* that the *firm* deals or arranges deals in is *admitted to trading* in accordance with *CRYPTO* TP 1.4R(1) and (2);

| | | | |
|---|---|---|---|
| TP 2.11 | R | (1) | A *firm* must disclose the information in *CRYPTO* TP 1.6R(1), (2) and (4) in relation to a *qualifying cryptoasset* in which it deals or arranges deals for a *client*. |
| | | (2) | The information must be displayed clearly, prominently and unambiguously to the *client*. |
| TP 2.12 | R | (1) | A *firm* must provide the risk warning in *CRYPTO* TP 2.15R in writing, to a *client*, for a *qualifying cryptoasset* in which it deals or arranges deals for that *client*. |
| | | (2) | The risk warning must be provided before dealing or arranging deals for the *client*. |
| | | (3) | The risk warning must be disclosed clearly, prominently and unambiguously to the *client*. |
| TP 2.13 | R | The requirement in *CRYPTO* TP 2.12R applies each and every time the *firm* deals or arranges deals for the *client*. | |
| TP 2.14 | G | The disclosure statement in *CRYPTO* TP 2.11R and the risk warning in *CRYPTO* TP 2.12R are separate and cumulative requirements to inform *retail clients* during the period referred to in *CRYPTO* TP 2.3R.<br><br>The purpose of the disclosure statement, which may be contained on an *execution and order handling firm's* webpage or other medium, as appropriate, is to inform a *retail client* of the details of the deferral and its consequences. The purpose of the risk warning, which should be presented at the point before a *retail client* places an order, is to draw the *retail client's* attention to the risks associated with buying or subscribing for the *qualifying cryptoasset*. | |
| TP 2.15 | R | The wording of the risk warning required by *CRYPTO* TP 2.12R is as follows: | |

[*Editor's note*: The use of italics in the risk warning below indicates text to be completed and is not indicative of terms in the Handbook Glossary.]

> **Risk warning for retail clients**:
>
> The new cryptoasset rules that are now in force in the UK require firms to meet additional requirements designed to protect retail investors.
>
> [*Name of firm*] is using a temporary deferral period that gives the firm additional time, until 25 April 2028, to meet some of the new rules.
>
> During this period, the now available cryptoassets may not have been admitted to trading on a UK authorised cryptoasset trading platform in accordance with the new rules.
>
> This means:

- the risks and functionalities of available cryptoassets may not have been assessed and documented;
- it may be more difficult for you to understand the now available cryptoassets and their risks and make an informed investment decision; and
- there is a greater risk that you will not be allowed to buy or sell this cryptoasset through [*name of firm*] during the deferral period, or after it has ended on 25 April 2028.

## Appendix 4

# Complaints Reporting Review: further Handbook amendments

# Complaints Reporting (Amendment) 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); and

(c) section 139A (Power of the FCA to give guidance);

(2) regulation 109 (Reporting requirements) of the Payment Services Regulations 2017 (SI 2017/752); and

(3) regulation 49 (Reporting requirements) of the Electronic Money Regulations 2011 (SI 2011/99).

B. The rule-making powers 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 Glossary of definitions is amended in accordance with Annex A to this instrument.

E. The Dispute Resolution: Complaints sourcebook (DISP) is amended in accordance with Annex B to this instrument.

## Instructions and notes

F. In the Annexes to this instrument, the instructions (indicated by '**Instruction:**') and notes (indicated by '**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 Complaints Reporting (Amendment) Instrument 2026.

By order of the Board

[*date*]

## Annex A

## Amendments to the Glossary of definitions

**Instruction:** In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise indicated.

**Instruction:** Amend the following definition as shown.

***firm***

…

(14) …

(15) (in *DISP 1.10* and *DISP 1.10A*) includes an *electronic money institution*, a *payment institution*, a *registered account information service provider* and a *credit institution* that provides a *payment service* or issues *electronic money*.

**Instruction:** Delete the following definition. The text is not shown as struck through.

***complaints reporting directions***

The directions in *DISP 1.10B*.

## Annex B

## Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

**Editor's note:** This Annex takes into account the changes introduced by the Complaints Reporting Instrument 2025 (FCA 2025/53), which come into force on 31 December 2026.

### DISP 1 Treating complainants fairly

### DISP 1.1 Purpose and application

…

### Application to firms

…

### DISP 1.1.3A | D

The ~~*complaints reporting directions*~~ <u>*complaints reporting rules*</u> apply to a *firm* that provides *payment services* or issues *electronic money* in respect of:

(1) *complaints* from *payment service users*; and

(2) *complaints* from *electronic money* holders that are *eligible complainants*

concerning activities carried on from an establishment maintained by the *firm* in the *United Kingdom* (or in an *EEA State*, in the case of a *TP firm* with respect to services provided into the *United Kingdom*).

…

### DISP 1.1.5A | R

*DISP 1.6.2A*, *DISP 1.6.2B* (*rules* relating to *EMD complaints* and *PSD complaints*), the *complaints reporting rules*~~, the *complaints reporting directions*~~ and the *complaints data publication rules* do not apply to a *credit union*.

…

**Application to payment services providers that are not firms**

**DISP 1.1.10A | R**

This chapter ~~(except the *complaints reporting rules* and the *complaints data publication rules*)~~ applies to *payment service providers* that are not *firms* in respect of *complaints* from *eligible complainants* concerning activities carried on from an establishment maintained by that *payment service provider* or its *agent* in the *United Kingdom* (or in an *EEA State*, in the case of a *TA PI firm* or a *TA RAISP firm* with respect to services provided into the *United Kingdom*).

**DISP 1.1.10AB | D**

The ~~*complaints reporting directions*~~ *complaints reporting rules* apply to a *payment service provider* that is not a *firm* in respect of *complaints* from *payment service users* concerning activities carried on from an establishment maintained by that *payment service provider* or its *agent* in the *United Kingdom* (or in an *EEA State*, in the case of a *TA PI firm* or a *TA RAISP firm* with respect to services provided into the *United Kingdom*).

…

**Application to electronic money issuers that are not firms**

**DISP 1.1.10C | R**

This chapter ~~(except the *complaints reporting rules*, and the *complaints data publication rules*)~~ applies to an *electronic money issuer* that is not a *firm* in respect of *complaints* from *eligible complainants* concerning activities carried on from an establishment maintained by that *electronic money issuer* or its *agent* in the *United*

*Kingdom* (or in an *EEA State*, in the case of a *TA EMI firm* with respect to services provided into the *United Kingdom*).

**DISP 1.1.10CA | D**

The ~~*complaints reporting directions*~~ *complaints reporting rules* apply to an *electronic money issuer* that is not a *firm* in respect of *complaints* from *eligible complainants* concerning activities carried on from an establishment maintained by that electronic money issuer or its *agent* in the *United Kingdom* (or in an *EEA State*, in the case of a *TA EMI firm* with respect to services provided into the *United Kingdom*).

…

**DISP 1.10 Complaints reporting rules**

…

**Information requirements – CCR return**

**DISP 1.10.1I | R**

Where a *firm* has *permissions* of a *credit firm*, the report referred to in *DISP 1.10.1R(1)* must include:

(1) the number of *complaints* received, broken down by the focus of the *complaint*, as set out in *DISP 1 Annex 1.8R*, and the service provided, as detailed in *DISP 1 Annex 1.9R*; and

(2) *complaint* outcomes during the reporting period, broken down by the service provided, as detailed in *DISP 1 Annex 1.9R*, in the categories set out at *DISP 1.10.1ER(3)*, together with the ~~following further categories:~~

~~(a)~~ ~~redress paid in relation to the *claims management fee cap*, where this was done at the *firm's* instigation rather than as the result of a *complaint* about the fee; and~~

~~(b)~~ total number of *complaints* outstanding at the reporting period start date.

…

## Appendix 5

# Removing the reference to the 2-stage complaints process for the Society of Lloyd's

# Lloyds of London Complaints Handling Instrument 2026

## Powers exercised

A. The Financial Conduct Authority ('the FCA') makes this instrument in the exercise of the powers in section 139A (Power of the FCA to give guidance) of the Financial Services and Markets Act 2000 ('the Act).

## Commencement

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

## Amendments to the Handbook

C. The Dispute Resolution: Complaints sourcebook (DISP) is amended in accordance with the Annex to this instrument.

## Instructions

D. In the Annex to this instrument, the instruction (indicated by '**Instruction:**') is included for the convenience of readers but does not form part of the legislative text.

## Citation

E. This instrument may be cited as the Lloyds of London Complaints Handling Instrument 2026.

By order of the Board

[*date*]

## Annex

## Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

> **Instruction:** In this Annex, underlining indicates new text and striking through indicates deleted text.

### DISP 1 Treating complainants fairly

…

### DISP 1.11 The Society of Lloyd's

…

### Application to members

…

### DISP 1.11.8 | G

~~However, the~~ The *Society* operates a ~~two-tier internal~~ complaints handling procedure~~, currently set out in the "Code for Underwriting agents: UK Personal Lines Claims and Complaints Handling". Under this procedure, *complaints* by *policyholders* against *members* of the *Society* are considered by the *managing agent* and then, if necessary, by the *Society's* in-house Complaints Department~~. This procedure (and any procedure that may replace it) will be subject to the requirements in this chapter.

…

## Appendix 6

# Updating Money Market Fund reporting requirements

# FUND REPORTING FOR ASSET MANAGEMENT ENTITIES (No 3) INSTRUMENT 202X

## Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in:

(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); and
(e) section 261I (Contractual scheme rules);

(2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228);

(3) the following regulations of the [Money Market Funds Regulations 2026]:

(a) regulation [12] [(Treatment of certain AIFs)]; and
(b) regulation [15] [(Reporting to the FCA)]; and

(5) 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. Part 1 of Annex C comes into force on [*date*].

D. Annex A, Annex B and Part 2 of Annex C come into force on [*date*].

## Amendments to the Handbook

E. 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 |
| Supervision manual (SUP) | Annex B |
| Money Market Funds sourcebook (MMFS) | Annex C |

**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 Fund Reporting for Asset Management Entities (No 3) Instrument 202X.

By order of the Board
[*date*]

## Annex A

## Amendments to the Glossary of definitions

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

[*Editor's note*: This Annex takes into account the proposals and legislative changes suggested in the consultation papers 'Updating the regime for Money Market Funds' (CP23/28) and 'The UK AIFM Regime' (CP26/28) as if they were made final.]

Insert the following new definitions in the appropriate alphabetical position.

| | |
|---|---|
| *MMF AIF* | an *MMF* that is a *UK AIF* and is not a *regulation 49 AIF*. |
| *MMF UK UCITS* | a *UK UCITS* that is authorised as an *MMF*. |
| *non-MMF AIF* | a *UK AIF* that is not an *MMF* or a *regulation 49 AIF*. |
| *non-MMF recognised scheme* | a *recognised scheme* that is not an *MMF*. |
| *non-MMF regulation 49 AIF* | a *regulation 49 AIF* that is not an *MMF*. |
| *non-MMF UK UCITS* | a *UK UCITS* that is not an *MMF*. |
| *recognised scheme MMF* | a *recognised scheme* that is an *MMF*. |
| *regulation 49 AIF MMF* | a *regulation 49 AIF* that is an *MMF*. |
| *EEA VNAV MMF* | an *EU MMF* that is a 'VNAV MMF' within the meaning of article 2(13) of the *EU MMF Regulation*. |
| *EEA public debt CNAV MMF* | an *EU MMF* that is a 'public debt CNAV MMF' within the meaning of article 2(11) of the *EU MMF Regulation*. |
| *EEA LVNAV MMF* | an *EU MMF* that is a 'LVNAV MMF' within the meaning of article 2(12) of the *EU MMF Regulation*. |
| *overseas MMF manager* | the *operator* or *AIFM* of a *recognised scheme MMF* or a *regulation 49 AIF MMF* which is being marketed in the *UK*. |

# Annex B

## Amendments to the Supervision manual (SUP)

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

[*Editor's note*: This Annex takes into account the proposals and legislative changes suggested in the following consultation papers as if they were made final:

- 'Updating the regime for Money Market Funds' (CP23/28);
- 'Fund Reporting for Asset Management Entities' (CP26/26); and
- 'The UK AIFM Regime' (CP26/28).

This Annex also takes into account the changes introduced by:

- the Notification of Third Party Arrangements and Operational Incident Reporting Instrument 2026 (FCA 2026/6), which come into force on 18 March 2027; and
- the Glossary (Cryptoassets) Instrument (FCA 2026/35) and the Cryptoassets (Conduct and Firm Standards) Instrument 2026 (FCA 2026/44), which come into force on 25 October 2027.]

**16.36 Fund reporting for asset management entities (FRAME)**

Application

16.36.1 G (1) This section applies to an *asset management entity* in accordance with (3).

…

(3) This table belongs to (1).

| Type of asset management entity | Type of fund or portfolio | Rules or directions | Relevant SUP Annex |
|---|---|---|---|
| … | | | |
| *Authorised UK AIFM* | ~~*AIF(s)* that are~~ A *non-MMF AIF* managed by the *AIFM* ~~that have~~ with a *NAV* of under £500m | *SUP* 16.36.6R to *SUP* 16.36.8R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) |
| | ~~*AIF(s)* that are~~ A *non-MMF AIF* | *SUP* 16.36.6R to *SUP* 16.36.8R | *SUP* 16 Annex 63 (Fund reporting |

| | | | |
|---|---|---|---|
| | managed by the *AIFM* ~~that have~~ with a *NAV* of £500m or more | | for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) and *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based reporting relating to hedge funds) may also be relevant |
| | An *MMF AIF* managed by the *AIFM* | *SUP* 16.36.6R to *SUP* 16.36.8R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) and *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)) |

| | | | |
|---|---|---|---|
| *UK UCITS management company* | ~~*UK UCITS* that have~~ A *non-MMF UK UCITS* with a *NAV* of under £500m | *SUP* 16.36.9R to *SUP* 16.36.11R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) |
| | ~~*UK UCITS* that have~~ A *non-MMF UK UCITS* with a *NAV* of £500m or more | *SUP* 16.36.9R to *SUP* 16.36.11R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) and *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) |
| | An *MMF UK UCITS* | *SUP* 16.36.9R to *SUP* 16.36.11R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) and *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)) |

| | | | |
|---|---|---|---|
| … | | | |
| *Third country AIFM* that has given written notification to the *FCA* under regulation 49 of the *AIFM Regulations* | ~~*Unauthorised AIF(s) marketed* in the *UK*~~ A *non-MMF regulation 49 AIF* with a *NAV* of under £500m | *SUP* 16.36.16R to *SUP* 16.36.18R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) |
| | ~~*Unauthorised AIF(s) marketed* in the *UK*~~ A *non-MMF regulation 49 AIF* with a *NAV* of £500m or more | *SUP* 16.36.16R to *SUP* 16.36.18R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) and *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based reporting relating to hedge funds) may also be relevant |
| | A *regulation 49 AIF MMF* | *SUP* 16.36.16R to *SUP* 16.36.18R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) |

| | | | |
|---|---|---|---|
| | | | enhanced reporting requirements) and *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)) |
| *Operator* of a *recognised scheme* | ~~*Recognised scheme(s)*~~ A *non-MMF recognised scheme* | *SUP* 16.36.19R and *SUP* 16.36.20R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) |
| | A *recognised scheme MMF* | *SUP* 16.36.19R and *SUP* 16.36.20R | *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) and *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)) |
| ~~**Note**: Where the *asset management entity* in column (1) is managing, operating or advising an *MMF*, it is not required to report information relating to that *MMF* under the *rules* specified in the table. The relevant reporting requirements are set out in the *Money Market Funds Regulation*.~~ | | | |

~~Application to MMFs~~

16.36.2 R ~~An *authorised UK AIFM*, a *UK UCITS management company*, a *third country AIFM* and the *operator* of a *recognised scheme* are not required to report information to the *FCA* under *SUP* 16.36 or *SUP* 16 Annex 63 to *SUP* 16 Annex 65 in relation to any *fund* that is an *MMF*.~~ [deleted]

…

Regular reporting by an authorised UK AIFM

16.36.6 R (1) Subject to (3) and (4), an *authorised UK AIFM* must submit a Funds Information Report containing the following information in relation to ~~an *AIF*~~ a *non-MMF AIF* within (2):

…

(1A) Subject to (3), an *authorised UK AIFM* must submit a Funds Information Report containing the following information in relation to an *MMF AIF* within (2):

(a) the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements);

(b) the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(c) the information specified in *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)).

…

Authorised UK AIFMs: regular reporting frequency

16.36.7 R (1)

(a) An *authorised UK AIFM* that is reporting information relating to a *hedge fund* or an *authorised AIF* that is not an *MMF* must report on a quarterly basis.

(b) The quarterly reporting periods for the quarterly reports in (a) ~~must end on~~ are 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December in each calendar year.

(2)

(a) An *authorised UK AIFM* that is reporting information relating to an *unauthorised AIF* that is not an *MMF* or a *hedge fund* must report on an annual basis.

(b) The reporting period for the annual reports in (a) must end on 31 December in each calendar year.

(3)

(a) An *authorised UK AIFM* that is reporting information relating to an *MMF AIF* must report:

(i) the information specified in *SUP* 16 Annex 63 and *SUP* 16 Annex 64 on a quarterly basis; and

(ii) the information specified in *SUP* 16 Annex 68 on a weekly basis.

(b) The quarterly reporting periods for the quarterly reports in (a)(i) are 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December in each calendar year.

(c) The weekly reporting periods for the weekly reports in (a)(ii) must end on the last *business day* of each week.

Authorised UK AIFMs: submission of regular reports

16.36.8 R (1) An *authorised UK AIFM* must submit ~~the~~ a Funds Information Report for a *non-MMF AIF* to the *FCA* no later than:

~~(1)~~ (a) 30 *days* after the end of the relevant reporting period ~~for~~ where the *AIF* is:

~~(a)~~ (i) a *non-UCITS retail scheme* which is not a *FAIF*; or

~~(b)~~ (ii) a *qualified investor scheme*;

~~(2)~~ (b) 45 *days* after the end of the relevant reporting period ~~for~~ where the *AIF* is a *hedge fund*;

~~(3)~~ (c) 60 *days* after the end of the relevant reporting period ~~for~~ where the *AIF* is:

~~(a)~~ (i) a *FAIF*; or

~~(b)~~ (ii) an *LTAF*; and

~~(4)~~ (d) 120 *days* after the end of the relevant reporting period ~~for~~ where the *AIF* is an *unauthorised AIF* that is not a *hedge fund*.

(2) An *authorised UK AIFM* must submit a Funds Information Report for an *MMF AIF* to the *FCA* no later than:

(a) 30 *days* after the end of the relevant quarterly reporting period where the report relates to the information specified in *SUP* 16 Annex 63 and *SUP* 16 Annex 64; and

(b) no later than the end of the first *business day* after the relevant weekly reporting period where the report relates to the information specified in *SUP* 16 Annex 68.

Regular reporting by a UK UCITS management company

16.36.9 R (1) Subject to (3), a *UK UCITS management company* must submit a Funds Information Report containing the following information in relation to a ~~*UK UCITS*~~ *non-MMF UK UCITS* within (2):

…

(1A) Subject to (3), a *UK UCITS management company* must submit a Funds Information Report containing the following information in relation to an *MMF UK UCITS* within (2):

(a) the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements);

(b) the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(c) the information specified in *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)).

…

UK UCITS management companies: regular reporting frequency

16.36.10 R (1) A *UK UCITS management company* must report information relating to a ~~*UK UCITS*~~ *non-MMF UK UCITS* on a quarterly basis.

(2) A *UK UCITS management company* that is reporting information relating to an *MMF UK UCITS* must report:

(a) the information specified in *SUP* 16 Annex 63 and *SUP* 16 Annex 64 on a quarterly basis; and

(b) the information in *SUP* 16 Annex 68 on a weekly basis.

| | | | |
|---|---|---|---|
| | | ~~(2)~~ (3) | The quarterly reporting periods for the quarterly reports in (1) ~~must end on~~ and (2)(a) are 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December in each calendar year. |
| | | (4) | The weekly reporting period for the weekly reports in (2)(b) must end on the last *business day* of each week. |

UK UCITS management companies: submission of regular reports

| | | | |
|---|---|---|---|
| 16.36.11 | R | (1) | A *UK UCITS management company* must submit ~~the~~ a Funds Information Report relating to the information in *SUP* 16 Annex 63 and *SUP* 16 Annex 64 to the *FCA* no later than 30 *days* after the end of the relevant quarterly reporting period. |
| | | (2) | A *UK UCITS management company* must submit Funds Information Reports relating to the information in *SUP* 16 Annex 68 no later than the end of the first *business day* after the relevant weekly reporting period. |

…

Regular reporting by a third country AIFM: regulation 49 AIFs

16.36.16 R (1) Subject to (2), a *third country AIFM* must submit a Funds Information Report containing the following information in relation to each ~~*regulation 49 AIF*~~ *non-MMF regulation 49 AIF*:

(a) for every ~~*regulation 49 AIF*~~ *non-MMF regulation 49 AIF*, the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements); and

(b) in addition to (a), for every ~~*regulation 49 AIF*~~ *non-MMF regulation 49 AIF* with a *NAV* of £500m or more as at the end of the last *business day* of the reporting period, the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements).

(1A) A *third country AIFM* must submit a Funds Information Report containing the following information in relation to each *regulation 49 AIF MMF*:

(a) the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements);

(b) the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(c) the information specified in *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)).

…

Third country AIFM: regular reporting frequency

16.36.17 R ...

(2)

(a) A *third country AIFM* must report information relating to a *regulation 49 AIF* that is not a *hedge fund* or an *MMF* on an annual basis.

…

(3)

(a) A *third country AIFM* that is reporting information relating to a *regulation 49 AIF MMF* must report:

(i) the information specified in *SUP* 16 Annex 63 and *SUP* 16 Annex 64 on a quarterly basis; and

(ii) the information specified in *SUP* 16 Annex 68 on a weekly basis.

(b) The quarterly reporting periods for the quarterly reports in (3)(a)(i) are 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December in each calendar year.

(c) The weekly reporting periods for the weekly reports in (3)(a)(ii) must end on the last *business day* of each week.

Third country AIFM: submission of regular reporting

16.36.18 R (1) A *third country AIFM* must submit ~~the~~ a Funds Information Report ~~to the *FCA*~~ relating to a *non-MMF regulation 49 AIF* no later than:

~~(1)~~ (a) 45 *days* after the end of the relevant reporting period for a *non-MMF regulation 49 AIF* that is a *hedge fund*; or

~~(2)~~ (b) 120 *days* after the end of the relevant reporting period for a *non-MMF regulation 49 AIF* that is not a *hedge fund*.

(2) Where the *AIF* is a *regulation 49 AIF MMF*, the *third country AIFM* must submit a Funds Information Report relating to:

(a) the information in *SUP* 16 Annex 63 and *SUP* 16 Annex 64 no later than 30 *days* after the end of the relevant quarterly reporting period; and

(b) the information in *SUP* 16 Annex 68 no later than the end of the first *business day* after the relevant weekly reporting period.

Regular reporting by the operator of a recognised scheme

16.36.19 R (1) Subject to (2), the *operator* of a ~~*recognised scheme*~~ *non-MMF recognised scheme* must submit ~~the~~ a Funds Information Report containing the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) in relation to each such *scheme*.

(1A) The *operator* of a *recognised scheme MMF* must submit a Funds Information Report relating to:

(a) the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements);

(b) the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(c) the information specified in *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)).

…

Operator of a recognised scheme: regular reporting frequency and timing of submission

16.36.20 R (1)

(a) ~~An~~ The *operator* ~~that is reporting information relating to a *recognised scheme*~~ of a *non-MMF recognised scheme* must report information relating to the *scheme* on a quarterly basis.

(b) The quarterly reporting periods for the quarterly reports in (1)(a) ~~must end on~~ are 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December in each calendar year.

~~(2)~~ (c) ~~The *operator* of a *recognised scheme* must submit the~~ A Funds Information Report relating to (1)(a) must be submitted to the *FCA* no later than 30 *days* after the end of the reporting period.

(2) The *operator* of a *recognised scheme MMF* must report information relating to the *scheme* as follows:

(a) In relation to the information specified in *SUP* 16 Annex 63 and *SUP* 16 Annex 64:

(i) the *operator* must submit a Funds Information Report on a quarterly basis;

(ii) the quarterly reporting periods for the quarterly reports in (2)(a)(i) are 1 January to 31 March, 1 April to 30 June, 1 July to 30 September, and 1 October to 31 December in each calendar year; and

(iii) the Funds Information Report must be submitted to the *FCA* no later than 30 *days* after the end of the relevant quarterly reporting period.

(b) In relation to the information specified in *SUP* 16 Annex 68:

(i) the *operator* must submit a Funds Information Report on a weekly basis;

(ii) the weekly reporting periods for the weekly reports in (2)(b)(i) must end on the last *business day* of each week; and

(iii) the Funds Information Report must be submitted to the *FCA* no later than the end of the first *business day* after the relevant weekly reporting period.

…

**16 Annex 63** **Fund reporting for asset management entities (FRAME) essential reporting requirements**

…

General information

16 Annex 63.2 R The Funds Information Report must contain the following information relating to the *AIFM* or the *operator* of the *fund* submitting the Funds Information Report and the *fund*:

…

(8) where the *AIFM* or *operator* of the *fund* is required to report on an annual basis, the following information:

…

(b) where the *fund's NAV* has not been reported to the *FCA* for a reporting period ending within the previous 12 *months*, whether the *NAV* of the *fund* as at the end of the current reporting period is £500m or more; ~~and~~

(9) where the *AIFM* or *operator* of the *fund* is required to report on a quarterly basis, the following information:

…

(b) whether the *fund's NAV* as at the end of the current reporting period is ~~greater~~ £500m or more~~.~~; and

(10) where the *fund* is an *MMF*, the type of *MMF* (public debt CNAV MMF, LVNAV MMF, VNAV MMF that is a short-term MMF, VNAV MMF that is a standard MMF or other type of *MMF*).

Delegation arrangements

16 Annex 63.3 R Where an *AIFM* has delegated *AIFM investment management functions*, or a *UK UCITS management company*, *operator* of a *recognised scheme* or *residual CIS operator* that is not an *AIFM* has delegated *scheme management activities*, to a third party, the Funds Information Report must contain the following for each delegation arrangement that was in place during the reporting period:

…

…

**16 Annex 64 Fund reporting for asset management entities (FRAME) enhanced reporting requirements**

…

Investor base and distribution

…

16 Annex 64.7 R Where the *fund* is an *authorised fund* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must contain the following information:

…

…

Performance and flows

…

16 Annex 64.11 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must contain the following information relating to redemptions and subscriptions (for each *valuation point* in the reporting period):

…

…

Liquidity management tools (LMTs)

16 Annex 64.14 R Where the *fund* is an *authorised fund* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must contain the following information relating to the use of liquidity management tools (deferral of redemptions, gating, *fund* suspensions, dilution adjustment, dilution levy and dual pricing):

…

Share classes

16 Annex 64.15 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must contain the following information for each active share class of the *fund*:

…

Benchmarks

16 Annex 64.16 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must contain the following information for each benchmark of the *fund* (if applicable):

…

Holdings

16 Annex 64.17 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, for each investment held by the *fund*, the Funds Information Report must contain the following information as at the end of the last *business day* of the reporting period:

…

Portfolio exposures – asset classes excluding rates and non-private credit

16 Annex 64.18 R (1) For any *fund* other than a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must indicate the total nominal exposure of the *fund* at the end of the last *business day* of the reporting period for each combination of the sub-asset types in (2) and the instrument types (long and short) listed in (3).

…

Portfolio exposures – non-private credit

16 Annex 64.19 R (1) For each *fund* other than a *fund* that is a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must indicate the total nominal exposure of the *fund* as at the end of the last *business day* of the relevant reporting period and the 5-year floating rate note basis (using a 100 basis point spread) for each combination of the sub-asset types in (2) and the instrument types (long and short) listed in (3)~~region~~.

…

Portfolio exposures – rates

16 Annex 64.20 R (1) For each *fund* other than a *fund* that is a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must indicate the total nominal exposure and the 10-year equivalent exposure of the *fund* for each combination of the sub-asset types in (2) and the instrument types (long and short) listed in (3).

…

Market risk sensitivities and VaR

16 Annex 64.21 R (1) For each *fund* other than an *unauthorised AIF* that is a private market *fund*, a *UK MMF*, a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must indicate the estimated profit or loss impact of the prescribed risk scenarios in (3) using the *FCA* defined shock values in the table in (2) that define the decrease and increase in movements to be applied for each scenario~~)~~.

…

16 Annex 64.22 R For each *fund* other than an *MMF*, the Funds Information Report must indicate whether VaR was calculated regularly (irrespective of whether this calculation was reported internally or to investors) and, if so, the following information for each combination of confidence interval, horizon and historical observation period:

…

16 Annex 64.23 R ~~The~~ For each *fund* other than an *MMF*, the Funds Information Report must indicate whether the *fund* is a *UCITS scheme* that uses VaR methods to limit global exposure and, if so:

…

Portfolio concentrations

16 Annex 64.24 R For each *fund* other than a *UCITS scheme* or a *non-UCITS retail scheme* (including a *UK MMF*), or a *regulation 49 AIF MMF* or a *recognised scheme MMF*, the Funds Information Report must indicate the largest 5 portfolio concentrations to single issuers across products, netted according to how this information is reported internally or to investors (name of issuer, *LEI* of issuer and, where available, market value).

…

Insert the following new annex, SUP 16 Annex 68, after SUP 16 Annex 67 (Fund reporting for asset management entities (FRAME) reporting by a segregated portfolio manager or adviser). The text is all new and is not underlined.

**16 Annex 68 Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)**

16 Annex 68.1 G (1) This Annex belongs to *SUP* 16.36.

(2) This Annex sets out the information that must be provided by an *authorised UK AIFM*, a *UK UCITS management company*, a *third country AIFM* or the *operator* of a *recognised scheme* that is submitting a weekly Funds Information Report for a *fund* that is an *MMF*.

16 Annex 68.2 R Terms in italics in this Annex have the meaning set out in the *Glossary*.

Information that must be submitted on a weekly basis

16 Annex 68.3 R (1) This *rule* applies to:

(a) an *authorised UK AIFM* of an *MMF AIF*;

(b) a *UK UCITS management company* of an *MMF UK UCITS*;

(c) a *third country AIFM* of a *regulation 49 AIF MMF*; and

(d) the *operator* of a *recognised scheme MMF*.

(2) The *AIFM* or *operator* must submit a Funds Information Report relating to the *MMF* containing the information in (3) on a weekly basis.

(3) The Funds Information Report must contain the following information:

(a) the name of the *MMF* and its Product Reference Number (PRN);

(b) where the *AIFM* or *operator* of the *fund* is an *authorised person*, the *MMF's LEI*;

(c) where the *AIFM* or *operator* of the *fund* is not an *authorised person*, the *MMF's LEI* (if available);

(d) the *net asset value* of the *MMF* as at the end of each *business day* during the relevant weekly reporting period;

(e) for any *MMF* that is an *LVNAV MMF*, an *EEA LVNAV MMF*, a *public debt CNAV MMF*, or an *EEA public debt CNAV MMF*, the following information:

(i) the *net asset value* per *unit*; and

(ii) the constant *net asset value* per *unit* (shadow *NAV*),

as at the end of each *business day* during the relevant weekly reporting period;

(f) the *weighted average maturity* of the *MMF* (*days*);

(g) the *weighted average life* of the *MMF* (*days*);

(h) the percentage of the *MMF's* assets which are:

(i) for a *UK MMF*, the daily maturing assets as defined under *MMFS* 5.2 (Portfolio rules for short-term MMFs) and *MMFS* 5.3 (Portfolio rules for standard MMFs); or

(ii) for an *EU MMF*, daily maturing assets for the purpose of articles 24 and 25 of the *EU MMF Regulation*,

as at the end of each *business day* during the relevant weekly reporting period;

(i) the percentage of the *MMF's* assets which are:

(i) for a *UK MMF*, the weekly maturing assets as defined under *MMFS* 5.2 (Portfolio rules for short-term

MMFs) and *MMFS* 5.3 (Portfolio rules for standard MMFs); or

(ii) for an *EU MMF*, weekly maturing assets for the purpose of articles 24 and 25 of the *EU MMF Regulation*,

as at the end of each *business day* during the relevant weekly reporting period;

(j) the following information relating to the percentage of the *MMF's* assets that can be treated as weekly maturing assets as a result of a derogation in *MMFS* or the *EU MMF Regulation* (as applicable):

(i) for a *UK MMF*, the percentage of the *MMF's* assets treated as being weekly maturing assets under *MMFS* 5.2.5R(3) or *MMFS* 5.3.7R(3); or

(ii) for an *EU MMF*, the percentage of the *MMF's* assets included within the weekly maturing assets of the *MMF* as a result of article 24(1)(g) and (h), or article 25(1)(e), of the *EU MMF Regulation*,

as at the end of each *business day* during the relevant weekly reporting period;

(k) the net flow of investor money into or out of the *MMF* (subscriptions less redemptions);

(l) the percentage of the *MMF's* portfolio that is capable of being liquidated in normal circumstances within the following time periods without a significant price discount to the expected market value of the assets:

(i) 1 *day* or less;

(ii) 2 to 7 *days*;

(iii) 8 to 30 *days*; or

(iv) more than 30 *days*; and

(m) the approximate percentage of the *MMF's* equity that is beneficially owned by the *MMF's* 5 largest investors (the 5 beneficial owners that have the largest equity interest in the *MMF* as a percentage of *NAV*).

# Annex C

## Amendments to the Money Market Funds sourcebook (MMFS)

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

[*Editor's note*: This Annex takes into account the proposals and legislative changes suggested in the consultation paper 'Updating the regime for Money Market Funds' (CP23/28) as if they were made final.]

**Part 1: Comes into force on [*date*]**

| | | |
|---|---|---|
| **1** | **Introduction** | |
| **1.1** | **Application and purpose** | |
| | Application | |
| 1.1.1 | R | … |
| | Overseas MMF managers | |
| 1.1.1A | R | *MMFS* 1.1 (Application and purpose) and *MMFS* 8 (Reporting to the FCA) apply to an *overseas MMF manager*. |

…

| | | |
|---|---|---|
| **8** | **Reporting to the FCA** | |
| **8.1** | **Introduction** | |
| | Application | |
| 8.1.1 | R | This chapter applies to: |
| | | (1) the *MMF manager* of a *UK MMF*; and |
| | | (2) the *overseas MMF manager* of a *recognised scheme MMF* or a *regulation 49 AIF MMF*. |
| **8.2** | **Reporting requirements for MMF managers of MMFs** | |
| | General reporting requirements | |
| 8.2.1 | R | Subject to *MMFS* 8.2.2R, for each *MMF* that it manages, a *UK MMF manager* must report the following information to the *FCA* on at least a quarterly basis: |
| | | … |

(3) ~~the results of stress tests, including those of the common reference stress test scenarios and, where applicable, the proposed action plan;~~ [deleted]

…

…

Additional reporting requirements for LVNAV MMFs

8.2.3 R …

Weekly reporting requirements

8.2.4 R (1) This *rule* applies to:

(a) an *authorised UK AIFM* of an *MMF AIF*;

(b) a *UK UCITS management company* of an *MMF UK UCITS*;

(c) a *third country AIFM* of a *regulation 49 AIF MMF*; and

(d) the *operator* of a *recognised scheme MMF*.

(2) The *AIFM* or *operator* must submit a Funds Information Report relating to the *MMF* containing the information in (3) on a weekly basis.

(3) The Funds Information Report must contain the following information:

(a) the name of the *MMF* and its Product Reference Number (PRN);

(b) where the *AIFM* or *operator* of the *fund* is an *authorised person*, the *MMF's LEI*;

(c) where the *AIFM* or *operator* of the *fund* is not an *authorised person*, the *MMF's LEI* (if available);

(d) the *net asset value* of the *MMF* as at the end of each *business day* during the relevant weekly reporting period;

(e) for any *MMF* that is an *LVNAV MMF*, an *EEA LVNAV MMF*, a *public debt CNAV MMF* or an *EEA public debt CNAV MMF*, the following information:

(i) the *net asset value* per *unit*; and

(ii) the constant *net asset value* per *unit* (shadow *NAV*), as at the end of each *business day* during the relevant weekly reporting period;

(f) the *weighted average maturity* of the *MMF* (*days*);

(g) the *weighted average life* of the *MMF* (*days*);

(h) the percentage of the *MMF's* assets which are:

(i) for a *UK MMF*, the daily maturing assets as defined under *MMFS* 5.2 (Portfolio rules for short-term MMFs) and *MMFS* 5.3 (Portfolio rules for standard MMFs); or

(ii) for an *EU MMF*, daily maturing assets for the purpose of articles 24 and 25 of the *EU MMF Regulation*,

as at the end of each *business day* during the relevant weekly reporting period;

(i) the percentage of the *MMF's* assets which are:

(i) for a *UK MMF*, the weekly maturing assets as defined under *MMFS* 5.2 (Portfolio rules for short-term MMFs) and *MMFS* 5.3 (Portfolio rules for standard MMFs); or

(ii) for an *EU MMF*, weekly maturing assets for the purpose of articles 24 and 25 of the *EU MMF Regulation*,

as at the end of each *business day* during the relevant weekly reporting period;

(j) the following information relating to the percentage of the *MMF's* assets that can be treated as weekly maturing assets as a result of a derogation in *MMFS* or the *EU MMF Regulation* (as applicable):

(i) for a *UK MMF*, the percentage of the *MMF's* assets treated as being weekly maturing assets under *MMFS* 5.2.5R(3) or *MMFS* 5.3.7R(3); or

(ii) for an *EU MMF*, the percentage of the *MMF's* assets included within the weekly maturing assets of the *MMF* as a result of article 24(1)(g) and (h), or article 25(1)(e) of the *EU MMF Regulation*,

as at the end of each *business day* during the relevant weekly reporting period;

(k) the net flow of investor money into or out of the *MMF* (subscriptions less redemptions);

(l) the percentage of the *MMF's* portfolio that is capable of being liquidated in normal circumstances within the following time periods without a significant price discount to the expected market value of the assets:

(i) 1 *day* or less;

(ii) 2 to 7 *days*;

(iii) 8 to 30 *days*; or

(iv) more than 30 *days*; and

(m) the approximate percentage of the *MMF's* equity that is beneficially owned by the *MMF's* 5 largest investors (the 5 beneficial owners that have the largest equity interest in the *MMF* as a percentage of *NAV*).

**8.3 Format of information reporting to the FCA**

Reporting templates

8.3.1 R …

(2) …

(3) An *AIFM* or *operator* must report the information required by *MMFS* 8.2.4R online through the appropriate systems made available by the *FCA*.

8.3.2 G …

(2) ~~When conducting common reference stress test scenarios in relation to section A.5 of the reporting template relating to stress testing, a *UK MMF manager* could use the latest *ESMA* 'Guidelines on the establishment of additional common reference stress test scenarios', part of the 'Guidelines on stress test scenarios under the MMF Regulation'.~~ [deleted]

(3) The *guidance* in (1) ~~and (2)~~ replaces the *guidance* and *FCA* expectations set out in the document entitled 'Brexit: our approach to EU non-legislative materials' in relation to *ESMA's* 'Guidelines on the reporting to competent authorities under Article 37 of the MMF Regulation' ~~and Guideline 4.8 of the 'Guidelines on stress test scenarios under the MMF Regulation'~~.

**8 Annex 1R General characteristics, identification of the MMF and the manager of that MMF**

| Data item | Data type | Reported data |
|---|---|---|
| … | | |
| **Portfolio indicators of the MMF** | | |
| … | | |
| (A.4.1) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| **Stress tests for the MMF** | | |
| … | | |
| (A.5.1) | ~~Results of the liquidity stress tests of the *MMF* conducted within the reporting period as set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.2) | ~~Results of the credit stress tests of the *MMF* conducted within the reporting period as set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.3) | ~~Results of the FX rate stress tests of the *MMF* conducted within the reporting period as set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.4) | ~~Results of the interest rate stress tests of the *MMF* conducted within the reporting period as~~ | |

| | | |
|---|---|---|
| | ~~set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.5) | ~~Results of stress test on the level of *redemption* of the *MMF* conducted within the reporting period as set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.6) | ~~Results of stress test of the *MMF* on the spread among indices to which interest rate of portfolio securities are tied conducted within the reporting period as set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.7) | ~~Results of the macro stress test of the *MMF* conducted within the reporting period as set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.8) | ~~Results of the multivariate stress test of the *MMF* conducted within the reporting period as set out in *MMFS* 5.6 (Stress testing)~~ [deleted] | |
| (A.5.9) | ~~In the case of *public CNAV MMFs* and *LVNAV MMF*s (or *EU MMFs* authorised as 'public debt CNAV MMFs' or 'low volatility NAV MMFs' under the *EU MMF Regulation*), indicate the results of the stress tests mentioned in the fields A.5.1 to A.5.8 in terms of difference between the *constant*~~ | |

| | | |
|---|---|---|
| | ~~*NAV per unit* and the *NAV per unit*~~ [deleted] | |
| ~~Proposed action plan (where applicable)~~ | | |
| (A.5.10) | ~~Indicate the proposed action plan as set out in *MMFS* 5.6.7R (Vulnerability of the MMF)~~ [deleted] | ~~Free text~~ |
| **Information on the assets held in the portfolio of the MMF** | | |
| … | | |
| (A.6.12) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall the ECB one) |
| … | | |
| (A.6.15) | … | (in base currency, if A.6.14 is in ~~GBP~~ EUR) |
| (A.6.16) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.30) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not |

| | | |
|---|---|---|
| | | EUR, the exchange ratio used shall the ECB one) |
| … | | |
| (A.6.33) | … | (in base currency, if A.6.30 is in ~~GBP~~ EUR) |
| (A.6.34) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.52) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.54) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.56) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most~~ |

| | | |
|---|---|---|
| | | ~~recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.67) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.70) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.80) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.91) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used~~ |

| | | |
|---|---|---|
| | | ~~shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.93) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (A.6.97) | … | ~~(in GBP) (if the base currency is not in GBP, the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| **Information on the liabilities of the MMF** | | |
| … | | |
| (A.7.8) | … | (in ~~GBP~~ EUR, including the impact of subscriptions and *redemptions*) (at the last *day* of the month) |
| … | | |
| (A.7.9) | … | (in ~~GBP~~ EUR) |
| … | | |

| | | | |
|---|---|---|---|
| (A.7.10) | | … | (in ~~GBP~~ EUR) |
| | … | | |
| (A.7.11) | | … | (in ~~GBP~~ EUR) |
| | … | | |
| … | | | |

**8 Annex 2R** **Additional reporting for LVNAV MMFs**

| Item | Data type | Reported data |
|---|---|---|
| … | | |
| (B.1.11) | … | ~~(in GBP) (if the base currency is not in GBP the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |
| (B.1.13) | … | ~~(in GBP) (if the base currency is not in GBP the exchange ratio used shall be the rate most recently set by the Bank of England)~~ (in EUR) (if the base currency is not EUR, the exchange ratio used shall be the ECB one) |
| … | | |

**Part 2: Comes into force on [*date*]**

[*Editor's note*: Part 2 takes into account the changes proposed in Part 1 of this Annex.]

## 8 Reporting to the FCA

…

## 8.2 Reporting requirements ~~for MMF managers of MMFs~~

General reporting requirements

8.2.1 R (1) ~~Subject to *MMFS* 8.2.2R, for each *MMF* that it manages, a *UK MMF manager* must report the following information to the *FCA* on at least a quarterly basis:~~ A *UK MMF manager* and an *overseas MMF manager* must regularly report to the *FCA* the information specified in:

(a) *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements);

(b) *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(c) *SUP* 16 Annex 68 (Fund reporting for asset management entities (FRAME) weekly reporting in relation to Money Market Funds (MMFs)).

(2) The information in (1) must be reported in accordance with *SUP* 16.36 (Fund reporting for asset management entities (FRAME)).

~~(1) the type and characteristics of the *MMF*;~~

~~(2) portfolio indicators such as the total value of assets, *NAV*, *WAM*, *WAL*, maturity breakdown, liquidity and yield;~~

~~(3) [deleted]~~

~~(4) information on the assets held in the portfolio of the *MMF*, including:~~

~~(a) the characteristics of each asset, such as name, country, issuer category, risk or maturity, and the outcome of the internal credit quality assessment procedure; and~~

~~(b) the type of asset, including details of the counterparty in the case of *derivatives*, *repurchase agreements* or *reverse repurchase agreements*;~~

~~(5) information on the liabilities of the *MMF*, including:~~

~~(a) the country in which the *unitholder* is established;~~

~~(b) the *unitholder* category;~~

~~(c) *unitholder* concentration; and~~

~~(d) subscription and *redemption* activity; and~~

~~(6) any other additional information which may be requested by the *FCA*.~~

~~Reporting requirements for MMFs with assets under management that do not exceed £100,000,000~~

8.2.2 R ~~For an *MMF* whose assets under management in total do not exceed £100,000,000, the *MMF manager* must report the information specified in *MMFS* 8.2.1R(3) to the *FCA* on at least an annual basis.~~ [deleted]

~~Additional reporting requirements for LVNAV MMFs~~

8.2.3 R ~~In relation to each *LVNAV MMF* that it *manages* (and in addition to the information required by *MMFS* 8.2.1R), a *UK MMF manager* must report the following information to the *FCA* on at least a quarterly basis:~~ [deleted]

~~(1) every occasion in the relevant quarter on which:~~

~~(a) the *amortised cost method* was used to value an asset that had a *residual maturity* of 75 *days* or less in accordance with *MMFS* 6.2.6R (LVNAV MMF use of amortised cost method); and~~

~~(b) the price calculated in (a) differed from the price of that asset calculated under the *mark-to-market* approach or *mark-to-model* approach in accordance with *MMFS* 6.2.3R (Use of mark-to-market approach) and *MMFS* 6.2.4R (Use of mark-to-model approach) by more than 10 basis points;~~

~~(2) every occasion in the relevant quarter on which the *constant NAV per unit* calculated in accordance with *MMFS* 6.3.4R (Calculation of constant NAV for LVNAV MMFs) differed from the *NAV per unit* calculated in accordance with *MMFS* 6.3.2R (General rules for calculating the NAV per unit of an MMF) by more than 20 basis points; and~~

~~(3) every occasion in the relevant quarter on which the *LVNAV MMF* breached the applicable weekly liquidity thresholds in *MMFS* 5.2.5R(2) (Additional portfolio rules for LVNAV and public debt CNAV MMFs) and any measures taken to ensure that the *MMF* is able to comply with those thresholds.~~

MMFS 8.3 (Format of information reporting to the FCA), MMFS 8 Annex 1R (General characteristics, identification of the MMF and the manager of that MMF) and MMFS 8 Annex 2R (Additional reporting for LVNAV MMFs) are deleted in their entirety. The deleted text is not shown but the section and annexes are marked [deleted] as shown below.

**8.3 Format of information reporting to the FCA [deleted]**

**8 Annex 1R** **General characteristics, identification of the MMF and the manager of that MMF [deleted]**

**8 Annex 2R** **Additional reporting for LVNAV MMFs [deleted]**

Amend the following as shown.

**Sch 2** **Notification requirements**

Sch 2.1 G …

| Handbook reference | Subject of notification | Trigger events | Time allowed |
|---|---|---|---|
| … | | | |
| *MMFS* 8.2.1R<br>(General reporting requirements) | General reporting requirements<br>~~*MMFS* 8.3 (Format of information reporting to the FCA)~~ *SUP* 16.36 (Fund reporting for asset management entities (FRAME)) specifies the format of the required information | ~~As implicit from the *rules* in *MMFS*~~ Regular reporting on a weekly or a quarterly basis in accordance with *SUP* 16.36 (Fund reporting for asset management entities (FRAME)) | ~~As implicit from the *rules* in *MMFS*~~ 30 *days* after the end of the relevant quarterly reporting period or until the end of the first *business day* after the relevant weekly reporting period |
| ~~*MMFS* 8.2.3R~~<br>~~(Additional reporting requirements for LVNAV MMFs)~~ | ~~General reporting requirements~~<br>~~*MMFS* 8.3 (Format of information reporting to the FCA) specifies the format of the required information~~ | ~~As implicit from the *rules* in *MMFS*~~ | ~~As implicit from the *rules* in *MMFS*~~ |

## Appendix 7

# Consumer Composite Investments (CCIs): amendments to DISC and COBS

# Consumer Composite Investments (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 71N (Designated activities: rules);

(b) section 137A (The FCA's general rules);

(c) section 137D (FCA general rules: product intervention);

(d) section 137R (Financial promotion rules);

(e) section 137T (General supplementary powers);

(f) section 138D (Actions for damages);

(g) section 139A (Power of the FCA to give guidance);

(h) section 210 (Statements of policy);

(i) section 247 (Trust scheme rules);

(j) section 261I (Contractual scheme rules);

(k) section 274 (Applications for recognition of individual schemes);

(l) section 283 (Facilities and information in UK); and

(m) section 395 (The FCA's and PRA's procedures);

(2) regulation 6 (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228);

(3) the following provisions of the Public Offers and Admissions to Trading Regulations 2024 (SI 2024/105):

(a) regulation 14 (FCA rules relating to admissions to trading on regulated market); and

(b) regulation 18 (Further provision about regulated market admission rules); and

(4) regulation 6 (FCA rules) of the Consumer Composite Investments (Designated Activities) Regulations 2024 (SI 2024/1198).

B. The rule-making powers 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 Conduct of Business sourcebook (COBS) is amended in accordance with Annex A to this instrument.

E. The Product Disclosure sourcebook (DISC) is amended in accordance with Annex B to this instrument.

**Revocation of Level 3 Materials**

F. The following Level 3 Materials, which appear under the UCITS dossier, are revoked:

(1) CESR methodology for the calculation of the ongoing charges figure in the Key Investor Information Document (published 1 July 2010);

(2) CESR methodology for the calculation of the synthetic risk and reward indicator in the Key Investor Information Document (published 1 July 2010);

(3) CESR's guide to clear language and layout for the Key Investor Information document (published 20 December 2010); and

(4) CESR's template for the Key Investor Information document (published 20 December 2010).

**Instructions and Notes**

G. In the Annexes to this instrument, the instructions (indicated by '**Instruction:**') set out the nature of the amendments being made to the legislative text. The notes (indicated by '**Editor's note:**') are included for the convenience of readers, but do not form part of the legislative text.

**Citation**

H. This instrument may be cited as the Consumer Composite Investments (Amendment) Instrument 2026.

By order of the Board

[*date*]

# Annex A

## Amendments to the Conduct of Business sourcebook (COBS)

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

### COBS 4 Communicating with clients, including financial promotions

…

### COBS 4.5 Communicating with retail clients (non-MiFID provisions)

…

### Funds investing in inherently illiquid assets (FIIAs)

…

### COBS 4.5.17 | G

~~The *rules* in *COBS 4.5* do not apply to the form or content of a *NURS-KII document* (see *COBS 4.1.7AR* (Modification relating to the KII Regulation)).~~ [deleted]

### COBS 4.5A Communicating with clients (including past, simulated past and future performance) (MiFID provisions)

…

### Past performance

### COBS 4.5A.10 | R

A *firm* must ensure that information that contains an indication of past performance of a *financial instrument*, a financial index or an *investment service* satisfies the following conditions:

…

(2) the ~~information includes appropriate~~ past performance information ~~which~~ provided covers ~~the preceding 5 years, or the whole period for~~

~~which the *financial instrument* has been offered, the financial index has been established, or the *investment service* has been provided (where less than 5 years), or such longer period as the *firm* may decide, and in every case that performance information is based on complete 12-month periods;~~ :

(a) a period of at least 10 consecutive years ending on a date no more than 60 *days* before the date the information is prepared; or

(b) the entire period starting from the *day* the *financial instrument* was first offered, the financial index was first established, or the *investment service* was first provided and ending on a date no more than 60 *days* before the date the information is prepared, where this is shorter than 10 years;

...

(4) the information contains a prominent warning explaining that ~~the figures refer to the past and that~~ past performance is not a ~~reliable indicator of~~ guide to future ~~results~~ performance;

...

**COBS 4.6 Past, simulated past and future performance (non-MiFID provisions)**

**COBS 4.6.1 | R**

(1) Subject to (2) to (4), this section applies to a *firm* in relation to:

...

(b) the *communication* or *approval* of a *financial promotion*, where this involves the provision of information about past, simulated past, or future performance,

where such information or *financial promotion* is addressed to, or disseminated in such a way that it is likely to be received by, a *retail client*.

...

**Past performance**

**COBS 4.6.2 | R**

A *firm* must ensure that information that contains an indication of past performance of *relevant business*, a *relevant investment* or a financial index, satisfies the following conditions:

...

(2) the ~~information includes appropriate~~ past performance information provided ~~which~~ covers ~~the preceding five years, or the whole period for which the investment has been offered, the financial index has been established, or the service has been provided (where less than five years, or such longer period as the *firm* may decide), and in every case that performance information must be based on complete 12-month periods;~~:

(a) a period of at least 10 consecutive years ending on a date no more than 60 *days* before the date the information is prepared; or

(b) the entire period starting from the *day* the *relevant business* was first carried on, the financial index was first established, or the *relevant investment* was first offered, and ending on a date no more than 60 *days* before the date the information is prepared, where this is shorter than 10 years;

...

(4) the information contains a prominent warning explaining that ~~the figures refer to the past and that~~ past performance is not a ~~reliable indicator of~~ guide to future ~~results~~ performance;

(5) if the indication relies on figures denominated in a currency other than pounds sterling, the currency is clearly stated, together with a warning that the return may increase or decrease as a result of currency fluctuations; and

…

## Annex B

## Amendments to the Product Disclosure sourcebook (DISC)

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

### DISC 2A General obligations

...

### DISC 2A.3 Distribution and promotion of consumer composite investments

### DISC 2A.3.1 | R

(1) A *firm* must not *distribute* a *consumer composite investment* to a *retail investor* unless the conditions in (2) are met.

(2) The conditions are that the *firm* must:

...

(c) take reasonable steps to promote engagement by the *retail investor* with the following information about the *consumer composite investment*, whether it is provided via the *product summary* or via any *additional product communication*:

...

(iv) its ~~risk and reward score~~ <u>*risk and return score*</u> and relevant material risks; and

...

...

...

### DISC 3 Preparing the product summary

### DISC 3.1 The product summary

**DISC 3.1.1 | R**

...

(2) The *product summary* must be clearly separate from other marketing materials and contain enough information within itself, without relying on cross-references to other materials, to enable *retail investors* to achieve at least a reasonable and sufficient understanding of the nature, investment objectives, risks and costs of the *consumer composite investment*.

(3) The requirement in (2) is modified in relation to:

(a) a multi-option product (see ~~*DISC* 2A.4.1R~~ *DISC 2A.4.2R*), in that the *product summary* may rely on cross-references to the wrapper's general summary and need not be separate from it;

...

...

**DISC 3.1.4 | R**

The contents of the *product summary* must:

...

(3) comply with any requirements in *DISC 4*, *DISC 5*, *DISC 6* and *DISC 7* about how certain *core information disclosures* must be presented.

...

**DISC 3.5 Product summary and core information disclosures – additional requirements**

...

**Core information disclosures – machine readability**

...

**DISC 3.5.3 | R**

(1) A *manufacturer* must publish instructions (including any updates to such instructions) explaining how to use the machine-readable file or files published under *DISC 3.5.2R* and include a link to such instructions alongside the file or files.

(2) The information in (1) must include~~:~~

~~(a)~~ the date the *core information disclosures* were produced, or where subsequently revised or amended, the date of the latest revision~~; and~~.

~~(b)~~ ~~the rationale for any adjustment of the *consumer composite investment's* initial risk and return score under *DISC 5.6.3R(3)*~~

…

**DISC 5 Risk and return information**

…

**DISC 5.2 Volatility calculation methodology: – general**

**Editor's note:** The dash (-) in the subheading 'Volatility calculation methodology - general' is struck through.

**DISC 5.2.1 | R**

~~For the purposes of this section, a *consumer composite investment*'s volatility track record:~~

~~(1)~~ ~~is data comprising the weekly pricing information or, if such information is not reasonably obtainable, monthly pricing information for:~~

~~(a)~~ ~~the past performance of the *consumer composite investment* itself via its *performance information*;~~

~~(b)~~ ~~the simulated past performance of the *consumer composite investment*, calculated on the basis of the historical values of the relevant underlying or reference assets; or~~

(c) ~~the past performance of an appropriate benchmark, meaning a benchmark with a reasonably similar investment mandate, investment objectives or strategy, and underlying or reference assets as the *consumer composite investment*; and~~

~~(2)~~ ~~covers a period of 10 consecutive years, ending on a date no earlier than 60 *days* before the date the *manufacturer* prepares or reviews (for the purposes of *DISC 3.2.2R*) a *product summary* for that *consumer composite investment*.~~ [deleted]

**DISC 5.2.1A | R**

(1) For the purposes of this section, a *consumer composite investment*'s volatility track record is past performance information covering a period of 10 consecutive years ending on a date no more than 60 *days* before the date the *manufacturer* prepares or reviews (for the purposes of *DISC 3.2.2R*) a *product summary* for the *consumer composite investment*.

(2) The past performance information in (1) is data comprising the weekly pricing information or, if such information is not reasonably obtainable, monthly pricing information, gathered in accordance with (3).

(3) The *manufacturer* must use the following information, as applicable, in gathering data for the volatility track record:

(a) where the *consumer composite investment* has at least 10 years of *performance information*, the *manufacturer* must use the *performance information* covering the 10-year period in (1);

(b) where the *consumer composite investment* has fewer than 10 years of *performance information*, the *manufacturer* must use the *performance information* for the period that information is available and supplement it with simulated past performance information covering the remainder of the 10-year period in (1), unless it cannot reasonably prepare or obtain such simulated information;

(c) where the *consumer composite investment* is a new product with no *performance information*, the *manufacturer* must use simulated past performance information covering the entire 10-year period in (1), unless it cannot reasonably do so; and

(d) where the *manufacturer* considers that it cannot reasonably simulate past performance for the *consumer composite investment* for the purposes of (b) or (c), the *manufacturer* must use past performance information of an appropriate benchmark to produce the volatility track record.

(4) For the purposes of (3)(d), an appropriate benchmark means a benchmark with reasonably similar investment objectives, strategy, or mandate, and reasonably similar underlying or reference assets, as the *consumer composite investment*.

**DISC 5.2.2 | R**

~~Where the *consumer composite investment* has less than 10 years of past performance history, the *manufacturer* must simulate past performance for the remainder of the 10 year period unless it reasonably cannot do so, in which case, it may use an appropriate benchmark.~~ [deleted]

**Products with no volatility track record**

**DISC 5.2.2A | R**

(1) The *manufacturer* must treat a *consumer composite investment* as having no volatility track record where *DISC 5.2.1AR(3)(d)* applies but the *manufacturer* considers that it cannot reasonably use an appropriate benchmark to produce the volatility track record.

(2) Where the *consumer composite investment* has no volatility track record, the remainder of this section does not apply and the initial risk and return score for the *consumer composite investment* is the pre-set initial score assigned by *DISC 5.5.1R in accordance with DISC 5.5.1R(6)*.

...

**DISC 5.2.4 | R**

...

(2) The returns ($r_{f,t}$) in (1) are measured over *T* non-overlapping periods of the duration of 1/m years of the volatility track record.

...

**DISC 5.3 Volatility calculation methodology: structured products**

**DISC 5.3.1 | R**

~~(1) For the purposes of this section, track record is data comprising the daily historical pricing information, or if such information is not reasonably obtainable, weekly or monthly historical pricing information, for the relevant underlying or reference assets of the *structured product* that covers a period of 10 consecutive years ending on a date no earlier than 60 *days* before the date the *manufacturer* prepares or reviews a *product summary* for the *structured product*.~~

~~(2) Where the *consumer composite investment* has less than 10 years of historical pricing, the *manufacturer* must simulate historical pricing for the remainder of the 10 year period based on an appropriate proxy reference index, benchmark, or reference *financial instruments*, unless it reasonably cannot do so.~~ [deleted]

**DISC 5.3.1A | R**

(1) For the purposes of this section, a *structured product*'s track record is historical pricing information covering a period of 10 consecutive years ending on a date no more than 60 *days* before the date the *manufacturer* prepares or reviews (for the purposes of *DISC 3.2.2R*) a *product summary* for the *structured product*.

(2) The historical pricing information in (1) is data comprising the weekly pricing information or, if such information is not reasonably obtainable, monthly pricing information, in either case for the relevant underlying or reference assets of the *structured product* and gathered in accordance with (3).

(3) The *manufacturer* must use the following information, as applicable, in gathering data for the track record:

(a) where there are at least 10 years of historical pricing information for the relevant underlying or reference assets, the *manufacturer* must use that information covering the 10-year period in (1);

(b) where there are fewer than 10 years of historical pricing information for the relevant underlying or reference assets, the *manufacturer* must use the historical information for the period that information is available and combine it with simulated historical pricing information based on an appropriate proxy index, proxy benchmark, or proxy *financial instruments* covering the remainder of the 10-year period in (1), unless *DISC 5.3.1BR* applies; and

(c) where the there is no historical pricing information available, the *manufacturer* must use simulated historical pricing information based on an appropriate proxy index, proxy benchmark, or proxy *financial instruments* covering the entire 10-year period in (1), unless *DISC 5.3.1BR* applies.

(4) For the purposes of (3)(b) and (c), an appropriate proxy index, proxy benchmark or proxy *financial instruments* means an index or a benchmark with reasonably similar investment objectives, strategy, or mandate, or a set of *financial instruments* with similar investment characteristics, as the underlying or reference assets of the *structured product*.

**Structured products with no track record**

**DISC 5.3.1B | R**

(1) The *manufacturer* must treat the *structured product* as having no track record where the *manufacturer* considers that it cannot reasonably simulate historical pricing information for the purposes of *DISC 5.3.1R(3)(b)* or *(c)*, for example, because it considers there is no proxy reference index or proxy benchmark, or that there are no proxy *financial instruments*, that could be reasonably used as the basis for an appropriate simulation of the *structured product*'s past performance.

(2) Where the *structured product* has no volatility track record, the remainder of this section does not apply and the initial risk and return score for the *structured product* is the pre-set initial score assigned by *DISC 5.5.1R in accordance with DISC 5.5.1R(6)*.

...

**DISC 5.5 Products with a pre-set initial risk and return score**

**DISC 5.5.1 | R**

The following *consumer composite investments* must be assigned an initial risk and return score of at least 9:

...

(6) a *consumer composite investment* with ~~a~~ no volatility track record ~~(within the meaning of *DISC 5.2.1R* and *DISC 5.3.1R*) shorter than 5 years~~ under *DISC* 5.2.2AR or, for a *structured product*, no track record under *DISC* 5.3.1BR;

...

...

**DISC 5.8 Product summary: Additional risk and return information**

**DISC 5.8.1 | R**

The *product summary* must include the following additional information:

...

(11) for a *consumer composite investment* with features posing material challenges to the ability of the average investor to understand its ~~risk/reward~~ risk/return dynamics, mechanisms or profile, a risk warning to that effect and that this may impact the *retail investor's* understanding of the risk and ~~rewards~~ returns of the investment;

...

**DISC 6 Costs and charges information**

...

**DISC 6.2 Calculation of costs and charges information**

**General principles**

...

**DISC 6.2.3 | R**

(1) ~~In~~ The requirement in (2) applies in relation to a *consumer composite investment* for which a cost or charge is priced or denominated in a currency other than pounds sterling~~,~~.

(2) ~~the~~ The costs and charges must be ~~calculated in~~ converted to pounds sterling for the purposes of calculating the costs and charges in accordance with this chapter and accompanied by a statement of the exchange rate used ~~to calculate them~~.

(3) The requirement in (2) does not apply to the extent the cost or charge is expressed as a percentage.

...

**DISC 7 Performance information**

**DISC 7.1 General**

**DISC 7.1.1 | R**

...

(2) The relevant period for the purposes of the *performance information* is the shorter of:

(a) 10 consecutive years ending on a date no ~~earlier~~ more than 60 *days* before the date the *manufacturer* prepares a *product summary* for a *consumer composite investment* as required under *DISC 2A.2.1R* or updates a *product summary* for a *consumer composite investment* as required by *DISC 3.2.2R*; or

(b) the entire period from the *day* a *consumer composite investment* was manufactured until a date no ~~earlier~~ more than 60 *days* before the date the *manufacturer* prepares a *product summary* for that *consumer composite investment* as required by *DISC 2A.2.1R(1)* or updates a *product summary* for that *consumer composite investment* as required by *DISC 3.2.2R*.

...

**Information underlying the line graph in the product summary**

**DISC 7.1.4 | R**

The *manufacturer* must provide all information necessary to ~~produce~~ reproduce the line graph ~~for~~ included in the *product summary* in accordance with the requirements of *DISC 7.2* (Past performance graph).

...

**DISC 7.2 Past performance graph**

**DISC 7.2.1 | R**

(1) Where past performance information is available for a *consumer composite investment*, and subject to *DISC 7.2.3R*, the *product summary* must include a line graph for the relevant period covered by the *performance information*, prepared in accordance with the requirements of this section.

(2) The requirements of this section do not apply in relation to a *consumer composite investment* which is an *EIS share*.

...

**DISC 7.3 Benchmarks: authorised funds and recognised schemes**

...

**DISC 7.3.3 | R**

In the case of a *long-term asset fund* or a *recognised scheme*, where the *fund* has a *target benchmark*, *constraining benchmark* or *comparator* *benchmark* (whether this use is disclosed in its *prospectus*, if it has one, or not), the line graph must include lines for any <u>of those</u> benchmarks used~~,~~ ~~for tracking the performance of~~ <u>showing </u>that benchmark over the same period and on the same basis as illustrated for the past performance of the *consumer composite investment*.

**DISC 7.3.4 | R**

Where a *manufacturer* preparing the *product summary* includes a line in the line graph for any benchmark under this ~~*rule*~~ <u>section</u>, it must include a statement in the *product summary* explaining why the relevant benchmark was chosen.

...

**DISC 7.5 ~~Benchmarks: other~~ <u>The line graph: further</u> requirements**

...

**Feeder funds**

**DISC 7.5.3 | R**

The information used to produce the line graph for a *feeder fund* under *DISC 7.2.1R* <u>(*product summary* line graph based on actual performance)</u> must be information relating to that *feeder fund* and not the *feeder fund's master fund*.

...

**DISC TP 2 Consumer composite investments: transitional provisions**

**Application**

**DISC TP 2.1 | R**

(1) During the transitional period:

- (a) the *rules* in these transitional provisions are to have effect; and
- (b) the other *rules* in *DISC* are to have effect only as specified in these transitional provisions.

(2) ~~The~~ Subject to (3), the transitional period begins on 6 April 2026 and ends on 7 June 2027.

(3) In respect of a *consumer composite investment* which is closed to new *retail investors* as of 6 April 2026 and remains closed thereafter but allows further *investment* from existing *retail investors*, the transitional period begins on 6 April 2026 and ends on 7 June 2028.

**Disclosure document: preparation and publication**

**DISC TP 2.2 | R**

...

(4) Where the *consumer composite investment* is:

(a) a ~~share~~ *share* in a closed-ended investment company that is UK-listed, the *manufacturer* is not required to prepare a disclosure document;

(b) *manufactured* by an operator of a standalone scheme or sub-fund that is a recognised scheme by virtue of regulation 62 of the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019, the *manufacturer* must prepare a disclosure document of the type specified in paragraph (1)(a) (a *product summary* prepared in accordance with *DISC 3*) in respect of that *consumer composite investment*; ~~or~~

(c) a product for which a *manufacturer* would not have had to prepare a document set out in (1)(b)(i), (ii) or (iii) on 5 April 2026, a *manufacturer* may produce whichever of those documents it considers most appropriate in relation to the *consumer composite investment* as an alternative to producing a *product summary* under (1)(a)~~.~~; and

(d) closed to new *retail investors* as of 6 April 2026 and remains closed thereafter but allows further *investment* from existing *retail investors*, the *manufacturer* is not required to prepare a disclosure document.

...

**DISC TP 2.3 | G**

...

(4) A *manufacturer* which is recognised under regulation 62 of the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 and is therefore within the temporary marketing permission regime may only produce a *product summary* in respect of *consumer composite investments* it *manufacture~~r~~s* under these transitional provisions. Should such a *manufacturer* do so, under regulation 66(1A) of those regulations it will not be required to produce a key investor information document. Should such a *manufacturer* continue to produce a key investor information document (and comply with the other provisions of regulation 66 of those regulations) under regulation 8 of the *Consumer Composite Investments Regulations*, these designated activity rules will be disapplied and it will not be required to produce a *product summary*. ~~That exemption expires on~~ Regulation 8 of those regulations applies only before 1 January 2027. The recognition scheme is scheduled to end on 31 December 2026 after which firms previously recognised under the scheme should consider whether *DISC TP 2.2(1)* applies to their activities.

...

**DISC Sch 1 Record-keeping requirements**

...

**DISC Sch 1.2 | G**

...

| **Handbook reference** | **Subject of record** | **Content of record** | **When record must be made** | **Retention period** |
|---|---|---|---|---|
| ... | | | | |

| | | | | |
|---|---|---|---|---|
| ~~*DISC* 5.7.3R~~ <br> <u>*DISC 5.6.8R*</u> | Risk and return score | The calculation of the risk and return score as well as any subsequent adjustment or revision | When risk and return score is calculated, adjusted or revised | At least 5 years ~~or at least 5 years after maturity in the case of a *consumer composite investment* that has a fixed term~~ |
| … | | | | |

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