

FCA Enterprise Act

Annual report 2017

FCA Enterprise Act Annual Report

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1 Introduction

In our recent publication, *Our Mission 2017: How we regulate financial services*, we set out our aim to serve the public interest by improving the way financial markets work and how firms conduct their business. By doing this, we provide benefit to individuals, businesses, the economy, and to the public as a whole.

To deliver our objectives, Parliament has given us a range of tools. It has also given us independent powers to make decisions about how best we should use these tools. We can use them to serve the public interest in different ways, and are targeted when we decide when, where and how to act.

Regulation is not cost free. The FCA is funded by fees paid by market participants, and both direct and indirect regulatory costs are likely to be passed on to individuals and businesses through higher prices.

So our aim is to use tools efficiently and cost-effectively, in a way that delivers the greatest value to the public. The Mission also highlights the importance of measuring regulatory effectiveness and increasing transparency of our decisions.

One way in which we measure the costs of our regulation, and are transparent about these costs, is through the reporting requirements in the Small Business, Enterprise and Employment Act 2015 as amended by the Enterprise Act 2016 (the Act).

We have a statutory requirement to publish a range of information specified in the Act. The Act requires us to report on any changes we make that impose a requirement, set standards or give or amend guidance for business or relate to securing compliance with such standards, guidance etc.

These activities are classified as "Regulatory Provisions" (RPs) under the Act. The information we are required to publish includes:

- a. a list of qualifying regulatory provisions (QRPs) that came into effect or ceased to have effect during the relevant period
- b. impact assessments verified by the independent Regulatory Policy Committee¹ (RPC) for those QRPs
- c. a summary of non-qualifying regulatory provisions (i.e. those regulatory provisions that fall within exclusions applying under the Act) which came into effect or ceased to have effect during the relevant period.

The Act received Royal Assent on 4th May 2016, but applies retrospectively to the start of the Parliament (May 2015). As the Act is backdated and Parliament has been ended prematurely the "relevant period" covers the whole of this Parliament - 8 May 2015 to 8 June 2017 inclusive. While this report covers the whole of this Parliament in future we will publish this report annually.

Qualifying regulatory provisions (QRPs) and non-qualifying regulatory provisions (NQRPs)

The Act distinguishes between two categories of RPs: qualifying regulatory provisions (QRPs) and non-qualifying regulatory provisions (NQRPs). We are required to publish impact assessments for each of the QRPs.

These impact assessments assess the cost imposed on business by our requirements according to a specified methodology and must be validated by the RPC.

All new FCA requirements will be treated as qualifying unless they fall under one of the exclusion categories listed in a written ministerial statement by Secretary of State for Business, Energy and Industrial Strategy (BEIS)². Where a category of exclusion applies the requirement is classified as NQRP.

This report sets out the changes we have made during the reporting period to impose a requirement, set standards or give or amend guidance for business or relate to securing compliance with such standards, guidance etc. Where these changes were QRPs, this report sets out the associated costs for business.

Cost benefit analyses (CBAs)

In addition to the impact assessments produced as part of the Act the FCA also creates cost benefit analyses (CBAs). We are required to create and publish a CBA on certain initiatives under Financial Services and Markets Act (2000). These provide a broader perspective to the impact assessments as in addition to the cost to business, they also analyse the public value resulting from the intervention.

1 Further information on the Regulatory Policy Committee can be found here: www.gov.uk/government/organisations/regulatory-policy-committee

2 A full list of the categories of exclusions can be found here: www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-03/HCWS574/

Annual Report

The FCA also produces an Annual Report and Accounts. The purpose of this is to show how our work over the last year has met our strategic objective of ensuring the relevant markets work well.

Executive summary

The majority of the work the FCA does within the scope of the Act is non-qualifying and therefore excluded from the requirement to complete an impact assessment. The exclusions most relevant to our work are:

- pro-competition measures
- regulatory activities: casework, information, education and advice, policy development and organisation and management
- EU and international obligations
- fine, penalties and redress and restitution
- systemic financial risk

These exclusions were set out in the Written Ministerial Statement laid by the Department of Business, Energy and Industrial Strategy³. Part 2 of this report summarises NQRPs⁴ introduced during the reporting period

Between 8 May 2015 and 8 June 2017 the FCA has recorded 81 QRPs (see Annex 1).

61	Validated by the RPC (these have been published on our website)
20	Not yet validated by the RPC
0	Delayed while we finalise the analysis required

Of the Impact Assessments the RPC has validated during the reporting period:

39	Were assessed to impose no cost on firms ⁵
3	Imposed costs of less than £1m
7	Imposed costs between £1m and £5m
8	Imposed costs of over £5m
4	Reduced the regulatory burden on business

In this reporting period the two largest QRPs by value were introduced as a result of our work to implement the accountability regime for the banking sector and as a result of changes made during our implementation of the Mortgage Credit Directive. A full list of the QRPs for this reporting period can be found in Annex 1.

3 Exclusions from the requirements to publish an impact assessment can be found here: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-03/HCW574/>

4 Due to the number and size of many NQRPs it is disproportionate for us to list them individually.

5 Costs imposed for any single measure beneath the reporting threshold of £50,000 set in the Act are reported as zero cost.

Interaction between the Act and Financial Services and Markets Act 2000 (FSMA)

Under the Financial Services and Markets Act 2000 (FSMA), Parliament has given the FCA a single strategic objective – to ensure that relevant markets function well – and three operational objectives to advance:

- **protect consumers** – to secure appropriate protection for consumers
- **integrity** – to protect and enhance the integrity of the UK financial system
- **promote competition** – to promote effective competition in consumers' interests

The Act requires us to carry out Impact Assessments that assess the impacts on business. This report is therefore, focused on the costs to business. However, this does not represent all of the costs and benefits of our initiatives.

When making regulatory decisions we consider all costs and benefits to businesses, consumers and the wider economy. Where required under FSMA the FCA publishes a cost-benefit analysis (CBA) on initiatives.

The CBA provides a broader perspective on the estimated public value resulting from our interventions including benefits to consumers and wider market strategy. This CBA is used to support our decisions on whether to implement an initiative.

2 Qualifying Regulatory Provisions (QRPs)

Between 8 May 2015 and 8 June 2017 the RPC have validated 61 impact assessments⁶. A further 20 remain to be validated but as required by the Act, are included within the full list of QRPs included in Annex 1.

Business Impact Target (BIT) Methodology

The impact assessments are calculated according to the Government's chosen metric, the Equivalent Annual Net Direct Cost to Business (EANDCB)⁷. This is the annualised value of the present value⁸ of net costs to business. It is a figure that provides a unique metric created for the measurement of the impact of regulation on business.

To calculate the BIT, the EANDCB is multiplied by five, to assess the impact over five years. For measures which are in force for less than five years, the sum of the EANDCB over the full lifetime is scored. When the BIT is calculated to be less than £50,000 it is rounded to zero.

The BIT score for each of the validated impact assessments is classified as either a burden or benefit. While there are benefits and burdens for each of the initiatives, this report will show the overall cost as either a benefit or burden to firms. Further information on the costs associated with the initiatives to firms can be found on the impact assessments for each QRP.

Assessment of the economic impact on business activities of the QRPs

Of the 61 QRPs validated by RPC during the reporting period 39 were assessed to impose no cost on firms⁹. Many of the regulatory provisions which resulted in very low costs were communications with firms designed to remind them of existing requirements. These included clarifications of existing rules. For example, 'Embedding the Mortgage Market Review: Responsible Lending Review' summarised the findings of our thematic review of the quality and suitability of mortgage advice following implementation of the Mortgage Market Review (MMR).

Of the remaining QRPs validated by the RPC three imposed costs less than £1m, seven between £1m and £5m and eight costs over £5m. The largest group of costs have been imposed as a result of implementing legislative requirements such as the SMCR which was designed to implement the recommendations of the Parliamentary Commission on Banking Standards.

The introduction of the accountability regime for the banking sector created some of the largest costs. The new accountability regime was introduced partly through legislative change in the 'Banking Reform Act' and partly through FCA change. The cost to business of the regime is therefore split between the HMT report and the FCA report.

6 The impact assessments can be found here: www.fca.org.uk/about/transparency

7 Measured in 2014 prices and with a 2015 present value base year.

8 The Net Present Value (NPV) is defined as the difference between the streams of costs and benefits. The NPV is the primary criterion for deciding whether government action can be justified.

9 Costs imposed for any single measure beneath the reporting threshold of £50,000 set in the Act are reported as zero cost.

Our share of the total costs reported in our Impact Assessment was £260.62 million; one off compliance cost to firms with further on-going costs of £26.75 million per year.

Regulatory burdens on businesses were estimated to have been reduced by four measures, for instance we removed ineffective disclosure requirements in our Handbook which saved firms £69.5 million (under the BIT methodology) as part of our Smarter Communications initiative. These changes mean firms no longer have to produce a short report on securities schemes UCITS schemes and non-UCITS retail schemes. It has also given home finance and investment firms and general insurance firms' freedom in the way they wish to present the information that was previously captured in the Initial Disclosure Document (IDD) and Combined Initial Disclosure Document (CIDD).

The overall net cost, under the specified methodology, of our changes to businesses which have been validated by the RPC over this reporting period is £481.2 million. This is made up of costs on business of £557.2 million and benefits to business of £76 million. In accordance with the Act these costs and benefits are only those that impact directly on business activity. They do not capture wider benefits that our regulation provides to consumers or the economy.

The costs are also based on an impact to the financial services industry where the banking sector alone in 2015-16 contributed £24.4 billion to UK tax receipts through corporation tax, income tax, national insurance and through the bank levy¹⁰.

10 House of Commons Library Briefing Paper, "Financial Services: Contribution to the UK economy": <http://researchbriefings.files.parliament.uk/documents/SN06193/SN06193.pdf>

3 Non-qualifying Regulatory Provisions (NQRPs)

This chapter provides a summary of the FCA's activity which is classified by the Act as NQRPs. Exclusions which are most relevant to the work of the FCA are:

- regulator casework
- pro-competition measures
- EU and international regulations, decisions and directives
- policy development
- systemic financial risk
- fines and penalties, and redress and restitution
- information, education and advice

We summarise key examples by exclusion below.

During the reporting period the FCA has not carried out any activities falling within the exclusions for: economic regulation, price controls, civil emergencies, large infrastructure projects, drugs classification and minimum wage, industry codes or regulator activities: organisation and management.

Regulator Activities: Regulator casework

By number, casework was the most common reason for NQRPs during the reporting period.

Our work means that we process applications for authorisation. For example, in this reporting period we have processed 23,920 applications for authorisation from firms (this includes applications which were approved, rejected and withdrawn).

During this reporting period we also processed 3,983 applications for approval of a change in control, 2,655 cancellations of permission and 1,332 individual waivers. We also varied 11,000 firms' permissions, processed 18,681 mutual societies' returns and 13,341 firms' applications for passporting.^{11 12}

Once firms are authorised we undertake a range of on-going supervisory activities. For example, during the reporting period we held approximately 9,000 meetings with our larger - fixed portfolio - firms. While not all of these meetings would have resulted in RPs, the wide definition of guidance under the Act, means individual guidance may often have been given.

11 Passporting allows firms to establish a presence or carry out its permitted activities in another country in the European Economic Area (EEA).

12 This is the number of new passports and amendments to existing passports.

In addition, as part of our on-going supervision of our largest firms, we proactively intervene to make sure issues do not escalate. This reporting period saw the FCA identify and track approximately 900 potential issues at our largest firms. Not all of these interactions would have involved giving specific guidance or imposing a requirement however, as above, it is likely many of them would have amounted to RPs under the Act. Separately, approximately 650 other issues were identified that resulted in further communication with individual firms.

Firms and individuals can phone, email and write to our firm contact centre for individual help and guidance on regulatory processes, application of rules and other regulatory matters. To exemplify between April and September 2016 alone the contact centre took 37,450 phone calls from firms, answered 14,843 emails and 1,105 letters^{13,14}. Similarly we run Live and Local events across the whole of the UK, to provide advice for investment, general insurance and mortgage firms.

We also carry out formal investigations with firms, the outcome of which can be enforcement action. As at 31 March 2017, we had 414 live cases (19 of which had been referred to the Upper Tribunal) during this reporting period.

In addition to these cases we have also had to temporarily suspend or restrict the activities of 2 firms, we issued 18 fines to firms (having issued 44 fines in total) and have publicly censured 2 firms (having issued 8 public censures in total).

These interactions generated multiple communications with firms which provide guidance and in some case impose requirements.

We have classified all of the work outlined above as NQRPs as it falls within the exclusion for regulator casework.

Pro-competition measures

A significant number of the regulatory provisions we made fell under the exclusion for pro-competition measures. This exclusion is particularly important for remedies following on from our market studies.

During the reporting period we have completed two market studies (the investment and corporate banking market study and the credit card market study) with a further six started but not completed (the asset management market study, the mortgages market study, the retirement outcomes review, the cash savings, retirement income and general insurance add-on market studies).

Completed market studies

One example of the completed market studies focused on investment and corporate banking, the final report was published in October 2016. The report proposed a targeted package of remedies to ensure effective competition in the market.

13 For further information on the statistics please see the Service Standards publication, 28th November 2016: www.fca.org.uk/publication/corporate/service-standards-november-2016.pdf

14 Further statistics on the number of phone calls, emails and letter the contact centre had during the reporting period can be found in the Service Standards publications on the FCA website.

The final report concluded that although many clients feel well served by primary capital market services there were areas where improvements could be made to encourage competition, particularly for smaller clients and these were set out to provide guidance for firms.

Where the main reason for proposed remedies is to promote competition, they will be subject to the competition exclusion.

Market studies underway

The six market studies where work is ongoing are investigating a range of topics from asset management to retirement outcomes.

An example of a market study still underway is our study into the mortgage market. In October 2015 we published a Call for Inputs, seeking views on any areas of the mortgage sector which might raise competition concerns and need further investigation. Following this in December 2016 we launched a targeted market study to look at consumers' ability to make effective choices with a view to improving how competition works for them.

Other competition work

We also carry out other competition work. In August 2016 an investigation by the Competition & Markets Authority (CMA) into the supply of personal current accounts (PCAs) and banking services to small and medium-sized enterprises (SMEs). The FCA has been conducting research to determine if making banks publish information, beyond their core requirements, would help consumers assess the differences in service quality between banks.

We also continue to test and implement remedies following previous investigations, such as the cash savings, retirement income and general insurance add-on market studies.

As the main reason for all this work is to ensure competition in the market we classify it as a NQRP.

EU and international obligations

Much of the work at the FCA involves the implementation of EU obligations. Implementation of EU measures (but not "gold-plating") is excluded.

For example, the Mortgage Credit Directive (MCD) introduced a European framework of conduct rules for firms selling first and second charge mortgages. In implementing the MCD, we relied on existing rules for firms with mortgage permissions. Where this was not possible, we copied out the Directive into our rules. Changes required by the Directive are included within the exemption for EU and international obligations.

Aside from the MCD, we also made second charge firms subject to rules that already applied to first charge firms, given that first and second charge mortgage customers face similar challenges in obtaining suitable mortgages. In addition, we took the opportunity to make changes to rules that did not involve implementing the MCD, and to which both first and second charge firms would be subject. Changes that were not required by the Directive are captured separately as QRPs.

During the reporting period we also introduced new reporting requirements for suspicious orders and transactions (STORs). In this reporting period we have received 2,280 STORs from the industry. This highlights the impact the change has had on firms however, we classify this change as a NQRP as we are implementing the requirements of the EU Market Abuse Regime.

Further examples of NQRPs due to the EU and international obligation exclusion, during this reporting period include:

- The publication of a new standard form for the notification of major holdings by the European Securities and Markets Authority (ESMA)
- Amendments to the Prospectus Rules as a result of Commission Delegated Regulation (EU) No. 2016/301. These changes were made to ensure that we comply with the standards set by ESMA and the EU

Regulator Activities: Policy development

We issued 83 consultations during the reporting period. We classify all these consultations as NQRPs under the exclusion for policy development. Final rules or guidance, published in Policy Statements are captured separately as QRPs.

In addition to the consultations themselves, we sometimes engage with firms on policy issues. Where we consider it to be beneficial, we meet with groups of firms to receive feedback on emerging issues or proposals. In early 2017 we

organised roundtables with contract for difference providers to discuss our consultation. We classify all these activities as NQRPs under the exclusion for policy development.

Systemic financial risk

The FCA is prudential regulator for 18,000 firms. Much of the work we do to address prudential risk falls under the exclusion for systemic financial risk. For example, in December 2015 we issued a policy statement on capital resources requirements for Personal Investment Firms (PIFs). We set prudential standards and prudentially supervise PIFs as part of our overall regulation of the advisory sector. This work covered the potential harm a PIF could cause to consumers if it failed. We classify this work as excluded because it addresses systemic financial risk.

In July 2015 we also published "Financial Benchmarks: Thematic Review of Oversight and Controls". The purpose of this review was to assess how well firms were implementing the International Organisation of Securities Commissions (IOSCO) principles for all benchmarks, review the extent to which firms had learnt the lessons from previous failures around benchmark activities and consider if they took appropriate action in response to previous failures. The actions taken by firms following the publication of the thematic review supported our objective to improve the overall integrity of the UK market. Given this, we classified this work as excluded under the systemic financial risk heading.

Similarly, in March 2016, we issued guidance on the FCA's approach to the implementation of ring-fencing and ring-fencing transfer schemes¹⁵. The ring-fencing regime seeks to reduce the likelihood of disruption to key retail services by protecting ring-fenced banks from risks arising elsewhere in their own groups or in the wider financial system. The guidance therefore addresses integral aspects of the ring-fencing regime and, in so doing, contributes to the overall objective of reducing systemic financial risk.

Fines and penalties, and redress and restitution

Our enforcement activity requires firms to provide redress and restitution. This is mostly done on an individual firm basis and therefore is caught under the casework exclusion.

We also set policy in relation to penalties and redress. If there are any changes resulting from this work they are also included in the exclusion for fines and penalties, and redress and restitution. In April 2016, for example, we issued a policy statement on changes to some of the rules in our compensation sourcebook (COMP) that govern the operation of the Financial Services Compensation Scheme (FSCS). These changes include an increase in compensation for some types of non-investment (general and pure protection) insurance mediation claims.

Regulator Activities: Information, education and advice

An example of when we have used this exclusion was in the March Regulation Roundup when we referred to multi-firm work that considered the Consumer Rights Act 2015, Insurance Conduct of Business Sourcebook (ICOBS) and the Principles for Businesses. This update did not set out any new information beyond that already published elsewhere, or place new obligations on firms. The Regulation Roundup instead set out high level findings and reminded firms about the rules and requirements that applied and the Consumer Rights Act. We therefore classified this content as excluded as 'information, education and advice'.

A further example of where we remind firms about the rules and requirements is through the Live and Local events. These events are run across the whole of the UK, to provide advice for investment, general insurance and mortgage firms. We have classified these as excluded as 'information, education and advice' as they do not introduce new requirements or information; they simply remind and provide advice to firms.

15 [The guidance on the FCA's approach to implementation of ring-fencing and ring-fencing transfer schemes can be found here: www.fca.org.uk/publications/finalised-guidance/fg16-1-guidance-fca%E2%80%99s-approach-implementation-ring-fencing-and-ring](https://www.fca.org.uk/publications/finalised-guidance/fg16-1-guidance-fca%E2%80%99s-approach-implementation-ring-fencing-and-ring)

Annex 1

List of all QRPs

Full title of the measure	Date	Description of the measure
TR15/6: Handling insurance claims for small and medium-sized enterprises (SMEs)	May 2015	The thematic review was undertaken to assess how property claims made by SMEs were handled. It was not intended as an assessment of the degree to which firms complied with the rules in ICOBs in relation to claims, these rules being both brief and high level. The review included research among SMEs to understand their experience of how their claims had been handled. The report on the findings of the review highlighted a number of areas where firms needed to enhance their processes to better meet claimants' expectations.
TR15/5: Provision of premium finance to retail general insurance customers	May 2015	The review focussed on the retail general insurance market and specifically the online purchase of private motor and household insurance products, with online sales estimated to account for 53.1% of UK private motor insurance sales and 46.7% of combined household insurance sales in 2014.
Debt management (thematic review)	June 2015	Thematic Review reports the results of a review assessing the quality of advice provided by debt management firms.
Retirement income data requests	June 2015	The introduction of the new pension freedoms increased the FCA's need to collect data on the retirement income market for supervision, policy and competition purposes.
PS15-12 Proposed changes to our pension transfer rules, feedback on CP15-7 and final rules	June 2015	To protect consumers who might otherwise lose valuable defined benefits, the Government introduced, through legislation, a requirement that individual scheme members take advice from an adviser authorised by the Financial Conduct Authority (FCA) before a transfer is allowed to proceed.
PS14/9: Review of the client assets regime for investment business	June 2015	In CP13/5 we proposed changes to the rules in CASS to address specific risks, clarify the requirements firms must comply with and enhance our client assets regime to achieve better results for consumers and increase confidence in financial markets
TR16/7: Review of annuity sales practices	June 2015	The focus of this piece of work, which forms part of the FCA's ongoing pensions strategy, has been on one important element of this provision – specifically, the extent to which firms conducting non-advised sales have informed existing customers about the availability of, and their potential eligibility for, enhanced annuities and the fact that customers could potentially get a higher income from an enhanced annuity with another provider
Thematic review – Inducements & Conflicts of Interest	June 2015	This sets out the key findings of the thematic review which had assessed payments and benefits provided to retail investment advisers by providers of retail investment products.

Full title of the measure	Date	Description of the measure
TR15/7: Delegated authority: Outsourcing in the general insurance market	June 2015	Review aimed to assess whether firms: Have robust systems and controls in place surrounding the decision to outsource functions to other parties, Exercise appropriate oversight over outsourced functions, Understand and fulfil the responsibilities they have to customers, where they have outsourced to another party, or where they are the party carrying out these outsourced functions, Understand and fulfil the responsibilities they have to customers for related functions they perform under their own regulatory permissions.
Restrictions on the retail distribution of regulatory capital instruments	July 2015	Rules that prevent firms from distributing contingent convertibles (CoCos) in the retail market without first checking that the prospective client meets certain criteria
TR15-9 Embedding the Mortgage Market Review Advice and Distribution	July 2015	Changes to the FCA's Mortgage Conduct of Business rules (MCOB) came into force on 26 April 2014 following the Mortgage Market Review (MMR).
Changes to the unfair terms legislation of the FCA Handbook	September 2015	The Consumer Rights Act (CRA) was a major reform of UK Consumer Law and as a result we made changes to the Unfair Contract Terms Regulatory Guide (UNFCOG) including but not limited to changing the title, replacing all references to the previous legislation and explaining that we may review terms whether or not they have been individual negotiated.
Change to Supervision Framework	September 2015	Due to a perception that our supervision model was overly prescriptive, we have made a number of key changes to the model
UKLA TN408.1 Eligibility of closed-ended investment	November 2015	Technical Note 408.1, published in November 2015 in Primary Bulletin 12, provides guidance to premium listed, closed-ended investment companies in relation to assessing eligibility of a new fund seeking listing.
Implementation of the revised Transparency Directive 2013-50-EU	November 2015	We amended our Disclosure Guidance and Transparency Rules to allow all investment managers to disclose their vote holdings at the EU minimum thresholds of 5%, 10% etc
UKLA TN701.2 Sponsors - Conflicts of interest (2015)	November 2015	This was an update of TN 701.1 and introduced additional guidance for sponsors around the approach we expect sponsors to take in relation to the identification of conflicts when dealing with sponsor services at a very early stage or in circumstances where the service must be delivered urgently, recognising that these particular circumstances can present sponsors with practical challenges around the comprehensiveness of their checks.

Full title of the measure	Date	Description of the measure
UKLA Technical Note UKLA/PN/907.2 Blocklistings	November 2015	This note provides guidance to give companies clarity on when they may be regarded as a frequent issuer and how to make an application.
UKLA 407.1 Investment entities with multiple share classes	November 2015	This note provides guidance in relation to disclosure on a fund's published investment policy under the existing Listing Rules
UKLA 409.1 Master-feeder structures	November 2015	This note provides guidance in relation to unconventional master-feeder structures (for example, where the feeder fund also proposes to invest some funds directly (outside of the master fund), or where the feeder fund holds a majority percentage stake in the master fund that allows it to exercise control over the master fund.
UKLA 410.1 Definition of Investment manager	November 2015	This note published in November 2015 in Primary Bulletin 12, provides guidance clarifying the definition of 'investment manager' under the Listing Rules'.
UKLA/TN/308.2 Related party transactions – Modified requirements for smaller related party transactions	November 2015	Technical Note 308.1 provides guidance on the Listing Rule 11.1.10R requirement that premium listed companies must obtain a written confirmation from a sponsor that the terms of the proposed related party transaction are fair and reasonable to shareholders, providing a shareholder safeguard.
UKLA/TN/309.2 Related party transactions – Content of RIS announcement	November 2015	This note provides guidance in relation to the Listing Rule 11.1.10R requirement for premium listed companies to issue a Regulatory Information Service (RIS) announcement disclosing smaller related party transactions.
UKLA Technical Note UKLA/TN/405.1 Fund management agreements and independence of the board	November 2015	Technical Note 405.1 provides updated guidance in line with the 2014 amendments to the Listing Rules and does not itself impose any new or additional requirements on companies.

Full title of the measure	Date	Description of the measure
Mobile phone insurance follow up review findings	December 2015	This review which was undertaken in December 2015 was a follow up to our thematic review 'Mobile phone insurance ensuring a fair deal for consumers (Thematic Review 13/2)
TR 15-13 - Flows of Confidential and Inside Information	December 2015	The FCA made an information request and conducted on-site visits to firms to assess how well and consistently they were implementing existing FCA rules and guidance.
Handbook Notice 28 - Supervision Manual (Amendment No 21) Instrument 2015	December 2015	The FCA made minor amendments to several parts of Chapter 16 of the Supervision manual (SUP). The changes were consulted on in the FCA Consultation Paper 15/28
Amendment to various forms	December 2015	Amendments to a series of forms used by firms and individuals when seeking regulatory approval for certain roles and transactions
Wealth management firms and private banks - Suitability of investment portfolios, TR15/12	December 2015	The Review presents findings from an assessment of suitability of retail investment portfolios provided by a sample of wealth management and private banking firms.
Parliamentary Commission on Banking Standards (Remuneration)	January 2016	Implements Parliamentary Commission on Banking Standards (PCBS) recommendations on remuneration.
TR16/9: Review of general insurance intermediaries' professional indemnity insurance	January 2016	The primary purpose of the thematic review was to assess the extent to which a sample of 186 firms' professional indemnity insurance (PII) policies complied with the existing requirements in the FCA Handbook.
Reform of the legacy Credit Unions Sourcebook	February 2016	The Credit Unions Sourcebook (CREDS) was originally a joint sourcebook that pre-dated the separation of the Financial Services Authority (FSA) into the PRA and FCA. We jointly consulted with the PRA on the reform of the legacy CREDS in CP 15/21
TR16/1 Assessing Suitability: Research and Due Diligence on products and services.	February 2016	In this report we set out the high level findings of our thematic review of the research and due diligence processes carried out by advisory firms on the products and services they recommend to retail clients.

Full title of the measure	Date	Description of the measure
Insistent client factsheet	February 2016	Good and bad practices to assist firm dealing with insistent clients firms delivering financial advice will be affected by the publication but they will only need to consider this publication when facing/advising an insistent client.
Banking Accountability	March 2016	Implements Parliamentary Commission on Banking Standards (PCBS) recommendations on holding individuals to account.
Buy-to-let mortgages – implementing the Mortgage Credit Directive Order 2015	March 2016	The Mortgage Credit Directive (MCD) introduced a European framework of conduct standards for firms selling mortgages. The government chose to use derogation in the MCD that allowed member states to not apply the Directive's requirements to buy-to-let (BTL) mortgage activity. In order to do so, a member state needed to have in place an 'appropriate framework' for this type of activity from 21 March 2016. The government established in legislation a framework for 'consumer buy-to-let' (CBTL) mortgages. The FCA was required to implement this framework.
Retail Mediation Activities (RMA-C) changes	March 2016	In Handbook Notice 28, we published final changes to the RMA-C to obtain more accurate and useful data on client money holdings
Implementation of the Mortgage Credit Directive	March 2016	The Mortgage Credit Directive (MCD) introduced a European framework of conduct rules for firms selling both first and second charge mortgages
Implementation of the UCITS V Directive	March 2016	In addition to the minimum implementation of the Undertakings in Collective Investment Schemes Directive (UCITS V) Directive (which is an EU Directive and therefore exempt from the scoring of the Business Impact Target), we further introduced two requirements in the UK that go beyond the minimum requirements set out in the UCITS V Directive (i.e. gold-plating)
PS15/21: Changes to the Approved Persons Regime for Solvency II firms: Final rules (including feedback on CP14/25, CP15/5 and CP15/16)	March 2016	In November 2014, we published a Consultation Paper (CP14/25) and proposed changes to the Approved Persons Regime for Solvency II firms. The FCA's changes took into account provisions in the Act that apply to insurers, changes that the PRA was making to their approval regime for these firms, and requirements in Solvency II around the governance of firms and fitness and propriety of key function holders within them.

Full title of the measure	Date	Description of the measure
PS15/31: Final Rules on changes to the Approved Persons Regime for insurers not subject to Solvency II	March 2016	This Impact Assessment relates to changes to the Approved Persons Regime for Non-
UKLA Technical Note UKLA/ TN/406.1 Application of related party rules to funds investing in highly illiquid asset classes	March 2016	Technical Note 406.1, published in November 2015 in Primary Bulletin 13, provides guidance to premium listed, closed-ended investment companies in relation to related party transactions under Listing Rule 11.
FCA Handbook changes regarding the segregation of client money on loan-based crowdfunding platforms, the Innovative Finance ISA (IFISA), and the regulated activity of advising on peer-to-peer (P2P) agreements	March 2016 & April 2016	HMRC amended the ISA Regulations to allow P2P agreements to be held within an ISA wrapper (the IFISA). These changes implement the new regulations and extend obligations that advisors already had in relation to advising on other regulated investment products to any advice they might provide on loan-based crowdfunding investments or P2P loans qualifying for inclusion in the IFISA.
TR16-3 Meeting Investors' Expectations Thematic Report	April 2016	The Meeting Investors' Expectations thematic review considered whether UK authorised investment funds (Unit Trusts and OEICS) and individual customers' portfolios (segregated mandates) were operated in line with investors' expectations.
On the customer understanding of transactions – publication of findings	April 2016	Prior to the QRP, the FCA undertook thematic work as a response to a recommendation arising from the Parliamentary Commission on Banking Standards. On 12/04/2016 the FCA published a table of 5 examples of good practice the FCA had observed.
Pension reforms – proposed changes to our rules and guidance CP15-30 and PS 16-12)	April 2016, October 2016 & April 2017.	In the Budget 2014, the Government announced significant reforms giving people more freedom around how they access their pension savings from the age of 55. In addition to changes to our regulatory requirements to support the implementation of the reforms, we also undertook a review of our rules and guidance against our objectives
TR16/4: Embedding the Mortgage Market review: Responsible Lending Review	May 2016	This report summarises the key findings of our market-wide thematic review of how firms are applying the responsible lending rules we introduced in April 2014 following the Mortgage Market Review (MMR).
Improving Complaints Handling. (Changes to the Dispute Resolution sourcebook (DISP)	June 2016 & October 2015 for the call charges rules	Changes to our complaints handling rules (extension of the 'next business day rule, Reporting all complaints, - Raising consumer awareness of the ombudsman service, - New rules limiting the cost of calls consumers make to firms to a maximum 'basic rate, - Improvements to our 'complaints return' which requires firms to send us data twice a year on the number of complaints they receive
FG16-5 Guidance for firms outsourcing to the 'cloud' and other third party IT services	July 2016	Guidance on our existing outsourcing rules in respect of outsourcing to the cloud.

Full title of the measure	Date	Description of the measure
TR15/10: Fair treatment for consumers who suffer unauthorised transactions	July 2015	Work to discover whether consumers are being treated fairly in relation to unauthorised transactions
TR16/6 Principals and their appointed representatives in the general insurance sector	July 2016	Review of principal firms' understanding of their regulatory obligations for their ARs and the level of oversight of their ARs' activities.
TR16/5 UK equity market dark pools - Role, promotion and oversight in wholesale markets	July 2016	We surveyed the UK equity marketplace, focusing on dark pools and broker crossing networks (BCNs) by examining promotional activity and the identification and management of conflicts of interest by dark pool operators
Whistleblowing in deposit-takers, PRA-designated investment firms and insurers FCA PS15-24	September 2016	We have implemented a package of rules designed to build-on and formalise examples of good practice of whistleblowing already found in the financial services industry
TR16/8: Packaged bank accounts	October 2016	We carried out thematic work on packaged bank accounts, assessing how firms implemented the packaged bank account rules in the Insurance: Conduct of Business Sourcebook (ICOB5), that we introduced in March 2013
Disapplication of CASS audit requirements to certain debt management firms	November 2016	In the FCA Consultation Paper 16/17, we proposed a minor rule change so that Debt Management Firms that are not entitled to hold client money are not required to have the CASS audit
Consumer Credit Protecting your business from financial crime	November 2016	The project was to consider the nature, scale and extent of financial crime risks in consumer credit (CC), as well as the adequacy of steps CC firms are taking to mitigate these risks.
Consumer credit – amendments to guarantor lending rules	November 2016	FCA Policy Statement 15/23 sets out new rules on guarantor loans. A guarantor loan is where the borrower provides security in the form of a guarantor
Financial Crime Data Return	December 2016	We introduced a financial crime return. We will use the data collected by this return to support our financial crime supervision strategy.
Financially vulnerable customers (thematic review)	December 2016	This work followed our previous thematic review on Mortgage Lenders' Arrears and Forbearance Management (Thematic Report TR14/3) in 2013/2014, where we asked firms to consider which borrowers are most likely to be affected by potential rate rises

Full title of the measure	Date	Description of the measure
TR16/2 Fair treatment of long-standing customers in the life insurance sector	December 2016	The Finalised Non-Handbook Guidance FG 16/8 (the guidance) arose from a thematic review carried out in 2014 and 2015, which identified widespread practices which the FCA considered created an increased risk of unfair treatment of long-standing customers
TR16/10 Early arrears management in unsecured lending	December 2016	We did this review to examine how firms are treating customers who fall into arrears. This included reviewing how firms are engaging with customers, what forbearance options they offer and what outcomes this leads to
Minor Handbook changes related to home finance customers with a payment shortfall	December 2016	We amended Mortgage and Home Finance: Conduct of Business (MCOB) rule 12.4.1BR and the Glossary definition of 'payment shortfall' to clarify our expectations.
Wind down planning guidance	Early 2017	The guidance is reference material aiming to help solo-regulated firms which are preparing new or revising existing wind-down plans
Minor changes to our equity release rules CP16/21	January 2017	In response to concern that our responsible lending rules may have contributed to the restricted development and take-up of lifetime products that allow a customer to make regular payments but switch to interest roll-up at any point, we proposed to change our rules and amend our Mortgage and Home Finance: Conduct of Business sourcebook (MCOB).
Implementation of Enforcement - CP16/10	January & March 2017	Changes to the Decision Procedure and Penalties Manual (DEPP) and The Enforcement Guide (EG) in order to implement the recommendations made in the Treasury's Review of enforcement decision-making at the financial services regulators (HMT Review) and Andrew Green QC's Report into the FSA's enforcement actions following the failure of HBOS (HBOS Report), plus two internal proposals relating to enforcement action.
Smarter Communications	February 2017	Policy Statement published amending the FCA handbook to remove ineffective disclosure requirements.
Strengthening accountability in banking and insurance: Implementation of SM&CR and SIMR; and PRA requirements on regulatory references	March 2017	Parliamentary Commission on Banking Standards (PCBS) recommendations the senior managers regime for banks, insurers, building societies and credit unions.
UKLA TN701.3 Sponsors - Conflicts of interest (2017)	March 2017	This provides clarificatory guidance to sponsors on the rules and guidance relating to sponsor conflicts of interest in LR8. The TN is an update of our existing TN 701.2 relating to sponsor conflicts and introduces two new concepts which sponsors should take into account when identifying conflicts.

Full title of the measure	Date	Description of the measure
Use of dealing commission – multi firm feedback	March 2017	The article was published on the FCA website and set out instances where we believe control and governance structures either made it difficult for firms to adequately monitor and challenge commission expenditure, or alternatively were totally absent.
Best execution arrangements in investment managers – multi firm feedback	March 2017	The article was published on the FCA website and set out instances where we believe control and governance structures made it difficult to provide meaningful oversight of firms best execution practices.
UKLA TN312.1 - Shareholder votes in relation to hypothetical transactions	March 2017	We encountered attempts by premium-listed companies to produce circulars that are required by the Listing Rules at a particularly early stage of a transaction, when key terms of a transaction are outstanding. The guidance set out in the technical note clarifies that it may not be possible to obtain a vote at such an early stage until negotiations are sufficiently advanced such that the company can provide shareholders with all necessary information to enable them to make an informed decision. The guidance advises companies and their sponsors to contact the FCA to discuss specific proposals.
UKLA TN314.1 - Reverse takeover and uncapped consideration	March 2017	Following changes made in response to FCA Consultation Paper 12/2, the definition of reverse takeover was moved in the Listing Rules from LR 10.2.2R to LR 5.6.4R. The guidance in the technical note clarifies that the company must still apply the class tests in LR 10 when calculating the percentage ratio of a transaction (the mechanism used to determine if a transaction is a reverse takeover).
UKLA TN712.2 - Additional powers to supervise and discipline	March 2017	We produced guidance to advise sponsors on the steps they need to take in order to effect the FCA's statutory powers to suspend, limit or restrict sponsors (when it is at the request of the sponsor) and explain how the limitation or restriction take effect when it is imposed by the FCA.
UKLA/TN/424.1 – Removal from the Official List of listed equity shares of individual funds of Open-Ended Investment Companies (OEICs)	March 2017	The technical note clarifies that where listed shares of a sub-fund of an OEIC have matured or ceased to exist, the FCA will follow the administrative procedure outlined in DEPP 2.5.11G for removal of securities that have matured or otherwise ceased to exist.
UKLA/TN/713.1 – Sponsors: Application of principle to deal with the FCA in an open and co-operative manner	March 2017	The technical note sets out guidance for sponsors on how to apply 8.3.5R(1) to their obligations under Chapter 8 of the Listing Rules. The guidance covers the responsibilities of sponsors, the sponsor's positive duty to communicate with the FCA and implications/interaction of 8.3.5R(1) for other rules relevant to sponsors.
UKLA TN910.2 - Additional powers to supervise sponsors	March 2017	We updated this note to include reference to our C98 primacy obligation whenever considering the potential use of our section 88E powers. We also took this opportunity to make minor drafting amendments to the note.

Full title of the measure	Date	Description of the measure
UKLA 425.1: Open-ended investment companies and transfer restrictions	March 2017	This note highlights a scenario in which an issuer may not be able to meet Listing Rule requirements.
UKLA 308.3: Related party transactions - Modified requirements for smaller related party transactions	March 2017	This is an update of existing technical note in relation to related party transactions in light of previous rule changes.
UKLA 634.1: Financial information on guarantors in debt prospectuses and requests for omission	March 2017	This provides clarity on when a request to omit guarantor financial information from a debt prospectus may be granted.
UKLA 911.1: Debt securities - issuer substitution	March 2017	This note explains the procedural mechanics of replacing a debt issuer on the Official List through a substitution, as permitted under the terms and conditions of debt securities.
UKLA/TN/717.1 – Sponsors: Record Keeping Requirements	March 2017	This technical note provides additional guidance on the application of the record keeping requirements in LR8.6.16AR and supplements the rulebook guidance in LR8.6.16BG and LR8.6.16CG.
Guidance on the FCA's approach to the review of insurance business transfers	May 2017	In response to requests from industry practitioners, we have drafted non-handbook guidance to assist lawyers, actuaries and others in the preparation of Court Documents to support Applications to the High Court to Sanction FSMA Part VII Insurance portfolio transfers

Annex 2

List of all IAs validated by the RPC

Over the period 8 May 2015 to 8 June 2017 the FCA completed impact assessments¹⁶ for the following QRPs:

Full title of the measure	BIT Score (£m's) benefits to business ¹⁵	BIT Score (£m's) burden to business ¹⁶
Amendment to various forms	0	
Banking Accountability		275.5
Buy-to-let mortgages – implementing the Mortgage Credit Directive Order 2015		4.5
Changes to the unfair terms legislation of the FCA Handbook	0	
Consumer credit – amendments to guarantor lending rules	0	
Consumer Credit Protecting your business from financial crime	0	
Debt management (thematic review)	0	
Disapplication of CASS audit requirements to certain debt management firms	4	
FCA Handbook changes regarding the segregation of client money on loan-based crowdfunding platforms	0	
FG16-5 Guidance for firms outsourcing to the 'cloud' and other third party IT services	0	
Financial Crime Data Return		9
Guidance on the FCA's approach to the review of insurance business transfers	0	
Handbook Notice 28 - Supervision Manual (Amendment No 21) Instrument 2015	0	
Implementation of the Mortgage Credit Directive		60.3
Implementation of the revised Transparency Directive 2013-50-EU	0	
Implementation of the UCITS V Directive		0.5
Insistent client factsheet	0	
Minor Handbook changes related to home finance customers with a payment shortfall	0	
Mobile phone insurance follow up review findings	0	

¹⁶ All impact assessments can be found on the transparency pages of our website: www.fca.org.uk/about/transparency

¹⁷ The BIT Score only reflects benefits to business; it does not reflect benefits or burdens to consumers. When making regulatory decisions the FCA considers both costs and benefits to businesses, consumers and the wider economy.

Full title of the measure	BIT Score (£m's) benefits to business ¹⁵	BIT Score (£m's) burden to business ¹⁶
On the customer understanding of transactions – publication of findings	0	
Parliamentary Commission on Banking Standards (Remuneration)		23.5
Pension reforms – proposed changes to our rules and guidance CP15-30 and PS 16-12)		29
PS14/9: Review of the client assets regime for investment business		0.5
PS15-12 Proposed changes to our pension transfer rules, feedback on CP15-7 and final rules	1.5	
PS15/21: Changes to the Approved Persons Regime for Solvency II firms: Final rules (including feedback on CP14/25, CP15/5 and CP15/16)	0	
PS15/31: Final Rules on changes to the Approved Persons Regime for insurers not subject to Solvency II	0	
Reform of the legacy Credit Unions Sourcebook	0	
Restrictions on the retail distribution of regulatory capital instruments		46.5
Retail Mediation Activities (RMA-C) changes	0	
Retirement income data requests		2.4
Smarter Communications	69.5	
Strengthening accountability in banking and insurance: Implementation of SM&CR and SIMR; and PRA requirements on regulatory references		2
Thematic review – Inducements & Conflicts of Interest		1.5
TR 15-13 - Flows of Confidential and Inside Information		2
TR15/5: Provision of premium finance to retail general insurance customers	0	
TR15-9 Embedding the Mortgage Market Review Advice and Distribution	0	
TR16/1 Assessing Suitability: Research and Due Diligence on products and services	0	
TR16/2 Fair treatment of long-standing customers in the life insurance sector		7.5
TR16/5 UK equity market dark pools - Role, promotion and oversight in wholesale markets		0.5
TR16/6 Principals and their appointed representatives in the general insurance sector		2
TR16/7: Review of annuity sales practices	0	

Full title of the measure	BIT Score (£m's) benefits to business ¹⁵	BIT Score (£m's) burden to business ¹⁶
TR16/9: Review of general insurance intermediaries' professional indemnity insurance		1
TR16-3 Meeting Investors' Expectations Thematic Report	0	
UKLA 407.1 Investment entities with multiple share classes	0	
UKLA 409.1 Master-feeder structures	0	
UKLA 410.1 Definition of Investment manager	0	
UKLA Technical Note UKLA/PN/907.2 Blocklistings	0	
UKLA Technical Note UKLA/TN/405.1 Fund management agreements and independence of the board	0	
UKLA Technical Note UKLA/TN/406.1 Application of related party rules to funds investing in highly illiquid asset classes	0	
UKLA TN312.1 - Shareholder votes in relation to hypothetical transactions	0	
UKLA TN314.1 - Reverse takeover and uncapped consideration	0	
UKLA TN408.1 Eligibility of closed-ended investment	0	
UKLA TN701.2 Sponsors - Conflicts of interest (2015)	0	
UKLA TN701.3 Sponsors - Conflicts of interest (2017)	0	
UKLA TN712.2 - Additional powers to supervise and discipline	0	
UKLA TN901.2 - Additional powers to supervise sponsors	0	
UKLA/TN/308.2 Related party transactions – Modified requirements for smaller related party transactions	0	
UKLA/TN/309.2 Related party transactions – Content of RIS announcement	0	
Wealth management firms and private banks - Suitability of investment portfolios, TR15/12	0	
Whistleblowing in deposit-takers, PRA-designated investment firms and insurers FCA PS15-24		89
Wind down planning guidance	1	
Total	76	557.2

Annex 3

List of abbreviations

CBA	Cost Benefit Analysis
CC	Consumer Credit
CMA	Competition and Markets Authority
COMP	Compensation Sourcebook
CREDS	Credit Unions Sourcebook
BCN	Broker Crossing Networks
DEPP	Decision Procedure and Penalties Manual
DISP	Dispute Resolution Sourcebook
ESMA	European Securities and Markets Authority
FSA	Financial Services Authority
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Market Act 2000
ICOBS	Insurance Conduct of Business Sourcebook
NQRP	Non-Qualifying Regulatory Provision
MCD	Mortgage Credit Directive
MCOB	Mortgage and Home Finance: Conduct of Business
MMR	Mortgage Market Review
PCA	Personal Current Accounts
PII	Professional Indemnity Insurance
PCBS	Parliamentary Commission on Banking Standards
PIF	Personal Investment Firms

QRP	Qualifying Regulatory Provision
RP	Regulatory Provision
RPC	Regulatory Policy Committee
SME	Small and Medium-sized Enterprises
STORS	Suspicious Order and Transactions
UKLA	UK Listing Authority
UNFCOG	Unfair Contract Terms Regulatory Guide

Annex 4 Glossary

The Act	The Small Business, Enterprise and Employment Act 2015 as amended by the Enterprise Act 2016.
Cost Benefit Analysis (CBA)	We are required to create and publish a cost benefit analysis on certain initiatives under Financial Services and Markets Act (2000). In addition to the cost to business, they also analyse the public value resulting from the intervention.
FCA Mission	The FCA Mission 2017 was launched on 18 April 2017. It sets out the framework for the strategic decisions we make, the reasoning behind our work and the way we choose the tools to do it.
Impact Assessment	The Act requires us to carry out impact assessments that assess the costs to business.
Non-Qualifying Regulatory Provision (NQRP)	Any change the FCA makes that imposes a requirement, set standards or gives or amends guidance for business or relates to securing compliance with such standards, guidance etc. that falls under one of the exclusion categories listed in a written ministerial statement by Secretary of State for Business, Energy and Industrial Strategy.
Qualifying Regulatory Provision (QRP)	Any change the FCA makes that imposes a requirement, set standards or gives or amends guidance for business or relates to securing compliance with such standards, guidance etc unless they fall under one of the exclusion categories listed in a written ministerial statement by Secretary of State for Business, Energy and Industrial Strategy.
Regulatory Policy Committee (RPC)	An independent, advisory, non-departmental public body who rate the quality of evidence and analysis supporting new regulatory and deregulatory proposals, and check the estimates for the equivalent annual net cost to business of new regulations.
Regulatory Provision (RP)	Any change the FCA makes that imposes a requirement, set standards or gives or amends guidance for business or relates to securing compliance with such standards, guidance etc.



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