

Handbook Notice No 98

April 2022

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1 Overview

Legislative changes

- 1.1 On 24 March 2022, the Board of the FCA made relevant changes to the Handbook, as set out in the instruments listed below.

CP	Title of instrument	Instrument No	Changes effective
CP21/24	Listing Rules and Disclosure Guidance and Transparency Rules (Diversity and Inclusion) Instrument 2022	FCA 2022/6	20/04/2022

- 1.2 On 22 April 2022, the Board of the FCA made the relevant changes to the Handbook as set out in the instruments listed below.

CP	Title of instrument	Instrument No	Changes effective
PS22/4	British Steel Pension Scheme (Financial Resilience) Instrument 2022	FCA 2022/11	20/04/2022

- 1.3 On 28 April 2022, the Board of the FCA made the relevant changes to the Handbook as set out in the instruments listed below.

CP	Title of instrument	Instrument No	Changes effective
CP22/5	Technical Standards (Electronic Reporting Format) Instrument 2022	FCA 2022/12	29/04/2022
CP21/35	Market Conduct Sourcebook (Data Reporting Services Cancellation) Instrument 2022	FCA 2022/13	29/04/2022
CP20/22	Application Fees (Amendment) Instrument 2022	FCA 2022/16	27/05/2022

Summary of changes

- 1.4 The legislative changes referred to above are listed and briefly described in Chapter 2 of this Notice.

Feedback on responses to consultations

- 1.5 Consultation feedback is published in Chapter 3 of this Notice or in separate Policy Statements.

FCA Board dates for 2022

- 1.6 The table below lists forthcoming FCA board meetings. These dates are subject to change without prior notice.

FCA board meetings		
May	26	2022
June	23	2022
July	21	2022
September	29	2022
October	20	2022
November	24	2022
December	15	2022

2 Summary of changes

- 2.1 This Handbook Notice describes the changes to the FCA Handbook and other material made by the FCA Board under its legislative and other statutory powers on 24 March 2022, 22 April 2022 and 28 April 2022. Where relevant, it also refers to the development stages of that material, enabling readers to look back at developmental documents if they wish. For information on changes made by the Prudential Regulation Authority please see <https://www.bankofengland.co.uk/news/prudential-regulation>.

Listing Rules and Disclosure Guidance and Transparency Rules (Diversity and Inclusion) Instrument 2022

- 2.2 The FCA Board has made changes to the Handbook sections listed below:

Glossary
LR 9.8, 14.3, 15.4, and App 1.1
DTR 7.2, TP 1

- 2.3 This instrument also introduces the following new sections:

LR 9 Annex 2, 14 Annex 1 and TR 18

- 2.4 In summary, this instrument makes changes to the Handbook to require, as an ongoing listing obligation, issuers that are in scope to include a statement in their annual financial report setting out whether they have met specific board diversity targets on a 'comply or explain' basis, as at a chosen reference date within their accounting period and, if they have not met the targets, why not. This allows companies flexibility to provide relevant context on their approach to board diversity, whether or not these targets are met.
- 2.5 This instrument comes into force on 20 April 2022. Feedback has been published in a separate [Policy Statement](#).

British Steel Pension Scheme (Financial Resilience) Instrument 2022

- 2.6 The FCA Board has made changes to the Handbook sections listed below:

Glossary

- 2.7 This instrument also introduces the following new chapters:

CONRED 3

- 2.8 In summary, these changes introduce temporary asset retention rules which apply to certain firms that provided transfer advice to British Steel Pension Scheme (BSPS) members. The rules require firms to retain assets to help ensure that they can meet redress liabilities if they provided unsuitable advice.

- 2.9 We used general rule-making powers in section 137A of the Financial Services and Markets Act 2000 (FSMA) to introduce the temporary asset retention measures. Under section 138L of FSMA, we are not required to publish a public consultation if we consider the delay this involves to be prejudicial to the interests of consumers.
- 2.10 This instrument comes into force at 12.01am on 27 April 2022 and on a temporary basis up to 31 January 2023. Further details about these rules were published in separate [Policy Statement](#).

Technical Standards (Electronic Reporting Format) Instrument 2022

- 2.11 Following consultation in [Consultation Paper \(CP\) 22/5](#), the FCA Board has made changes to the technical standard listed below:

Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format

- 2.12 In summary, this instrument makes changes to the above technical standard to amend the definition of the UK Single Electronic Format (UKSEF) 2022 in the range of permitted taxonomies listed in Article 2(4B) of the Transparency Directive European Single Electronic Format (TD ESEF) Regulation so that it refers to UKSEF 2022 v2.0.0 for reports filed on or after 3 May 2022, instead of v1.0.0.
- 2.13 The UKSEF provides a template for companies on UK regulated markets that are required to report their end of year annual financial statements in a machine-readable and 'tagged' electronic format under section 4.1 of our Disclosure Guidance and Transparency Rules (DTRs).
- 2.14 This instrument comes into force on 29 April 2022. Feedback has been published in Chapter 3 of this Handbook Notice.

Market Conduct Sourcebook (Data Reporting Services Cancellation) Instrument 2022

- 2.15 The FCA Board has made changes to the Handbook sections listed below:
- MAR 9.2**
- 2.16 In summary, this instrument makes changes to the Handbook in order to amend Chapter 9 of the Market Conduct sourcebook (MAR) to include wind-down guidance for a data reporting service provider (DRSP) which wishes to cancel all of its DRSP authorisation under MAR 9.2.5.
- 2.17 More specifically, the new guidance sets out:

- how a DRSP should engage with the FCA for the duration of the cancellation process
- the requirement for a wind-down plan which promotes and protects the integrity of financial markets and the interests of the DRSP's clients
- a DRSP's obligations until the conclusion of the cancellation process

2.18 This instrument comes into force on 29 April 2022. Feedback has been published in Chapter 3 of this Handbook Notice.

Application Fees (Amendment) Instrument 2022

2.19 The FCA Board has made changes to the Handbook sections listed below:

FEES 3.2, 3 Annex 15R

2.20 In summary, this instrument introduces a new £250 charge (Category 1 under the new pricing structure) for notifications of functions under the senior managers regime (SMR) and controlled functions for appointed representatives (CF(AR)).

2.21 This instrument comes into force on 27 May 2022. Feedback has been published in Chapter 3 of this Handbook Notice.

3 Consultation feedback

3.1 This chapter provides feedback on consultations that will not have a separate policy statement published by the FCA.

CP 22/5: Technical Standards (Electronic Reporting Format) Instrument 2022

Background

3.2 Under our transparency rules (see DTR 4.1), from 1 January 2022, certain companies on UK regulated markets must report their end of year annual financial statements in a machine-readable and 'tagged' electronic format. This aims to make information in annual financial reports easier to extract and compare for investors, research analysts and other market participants, thereby improving transparency and market integrity. This requirement began for financial years starting on or after 1 January 2021. The specific format and 'taxonomy' that companies must use to meet our rules is set out in a supporting

technical standard, which is derived from onshored EU legislation and is referred to in DTR 4.1.14R as the 'TD ESEF Regulation'.

- 3.3 Following earlier rule changes in December 2021, companies can use, among other permitted taxonomies, the UKSEF 2022 taxonomy issued by the Financial Reporting Council (FRC) on 8 October 2021 (v1.0.0) to mark up their annual financial statements. However, in February this year, the FRC issued a replacement version of the taxonomy in its 2022 taxonomy suite (v.2.0.0). This new version is not permitted under our existing rules. We updated our website on 24 February 2022 to inform issuers and software vendors that this new version had been published and indicated our intention to switch our National Storage Mechanism (NSM) over to accepting filings in UKSEF 2022 v2.0.0 in place of UKSEF 2022 v1.0.0 at the end of April. We said we would also consult on updating our rules to coincide with this change.

Summary of proposals

- 3.4 In CP22/5, we proposed changing the definition of UKSEF 2022 in the range of permitted taxonomies in Article 2(4B) of the TD ESEF Regulation so that it refers to UKSEF 2022 v2.0.0 for reports filed on or after 3 May 2022, instead of v1.0.0. We proposed that this change would take effect from Tuesday 3 May 2022. Since we cannot accept both versions into the NSM at the same time, we indicated that the last business day we would accept filings using UKSEF 2022 v1.0.0 would be Friday 29 April 2022.
- 3.5 The update to UKSEF 2022 v2.0.0 will support issuers in reporting their financial statements with electronic tags based on an up-to-date taxonomy and will support users of the data. The later version reflects changes in International Financial Reporting Standards (IFRS) for tagging the notes to the financial statements (which issuers can choose to apply before they become mandatory next year) and some general taxonomy improvements such as clearer labels and new common practice tags.
- 3.6 By timing the switch over from UKSEF 2022 v.1.0.0 to v.2.0.0 for the start of May, we aim to minimise the disruption and any related costs to issuers that are required to tag their annual financial statements and are currently preparing these, or will need to do so shortly, to meet our rules.

Feedback

- 3.7 We received one formal response to our consultation. This was concerned with how new versions of a taxonomy are released for formal use. The respondent noted that the relatively short time between the update from UK SEF v1.0.0 to v2.0.0, and the inability to allow both to continue to be used for filings due to technical constraints was unfortunate. This may make it impractical for some companies to use either version of UKSEF 2022 for imminent reporting, since software vendors need time to adopt and test the newer version. Instead, companies may choose to use the ESEF 2020 taxonomy.

Our response

- 3.8 The FRC is responsible for issuing and updating the UKSEF taxonomy. The way in which the most recent update was released means that we cannot accept both versions. Therefore, we aimed to provide sufficient notice of our intended rule change so that issuers and service providers could prepare for a switch from v1.0.0 to v2.0.0. However, we appreciate that there is a certain lead time for software vendors to support new versions.
- 3.9 Given the limited response to our consultation, we consider it likely that most market participants expect our rule change, and issuers have taken steps to prepare for this. We have therefore decided to proceed with making the changes as consulted on, which will take effect from 29 April 2022 ahead of the switch over on 3 May 2022.

Cost benefit analysis

- 3.10 Our cost benefit analysis, as included in CP22/5, remains valid. As this proposal does not increase requirements on issuers, but rather updates an existing permitted taxonomy within our rules, we do not consider our changes to impose any material costs.
- 3.11 There may be some incremental costs to companies that were planning to use the earlier version of UKSEF 2022 after April. We have tried to minimise disruption and any related costs for these issuers by making an early announcement in February 2022 of the intended switchover. This was to enable issuers and software providers to plan ahead for using one of the other taxonomies permitted under our rules. This change will support the overall outcome of our structured electronic reporting rules, which are intended to improve market integrity by making information on companies' financial performance more accessible and analysable for investors and wider market participants.
- 3.12 Having publicised our planned switchover, and given the minimal response to our consultation, we consider that not going ahead with our rule change could be more costly and disruptive to issuers who are planning to use UKSEF 2022 v2.0.0 in the future. It would also create uncertainty about the status of this version of the UKSEF taxonomy under our rules, which could add to costs, or waste existing expenditure, for issuers and their service providers.

Equality and diversity statement

- 3.13 We continue to consider that the rules we have made will not have a negative impact on any of the groups with protected characteristics under the Equality Act 2010 and no concerns were raised during consultation.

CP21/35: Market Conduct Sourcebook (Data Reporting Services Cancellation) Instrument 2022

Background

3.14 The UK authorisation and supervision regulatory framework for DRSPs is a combination of the Data Reporting Services Regulations 2017 (SI 2017/699) (DRS Regulations 2017), the FCA's MAR 9, UK Markets in Financial Instruments Regulation (UK MiFIR) and several UK technical standards. The current UK regulatory framework does not include guidance on the wind-down of a DRSP which wishes to vary or cancel all of its DRSP authorisation.

3.15 A DRSP provides important services to enable investment firms to comply with their regulatory reporting obligations, as well as to promote market transparency and integrity. If a DRSP wishes to wind down its data reporting services, it is important that this is done in an orderly manner.

3.16 Setting out our expectations for an orderly wind-down of a DRSP in MAR 9 will ensure that there is a clear framework for a DRSP to follow should it need to vary or cancel its data reporting services authorisation under the DRS Regulations 2017. This should mitigate the potential impact of a DRSP exiting the market on its clients and the wider financial service industry.

Summary of proposals

3.17 We proposed that when a DRSP wishes to vary or cancel all of its data reporting service authorisation, it should:

- engage with the FCA as early as possible
- provide in its request for cancellation a wind-down plan which sets out how it will cease all of its data reporting services in an orderly manner. At a minimum, the plan should set out the governance arrangements and identify a person or group within its management body to ensure the effective and prudent management, oversight and implementation of the wind-down plan
- set out the arrangements for the retention of key individuals of the DRSP
- set out communications plans that consider the content, timing and methods of communications to stakeholders and relevant regulators
- identify clients who will be affected by the cancellation of the DRSPs authorisation and set out the arrangements to support the transfer of such clients to a new data reporting services provider
- continue to comply with the requirements in the DRS Regulations 2017 up until its authorisation is cancelled

Feedback

3.18 We received 1 response which agreed with our proposals.

3.19 The respondent requested clarity on 3 areas:

- the process for the migration of Systematic Internalisers (SIs) to a new Approved Publication Arrangement (APA)
- the submission period for transparency quantitative data to the FCA
- the reporting of trades that require amendment following the cancellation of an APA

3.20 The respondent also stated that we should specify that a wind-down plan is required to be drafted and provided only when a wind-down is contemplated.

Our response

3.21 We are proceeding with our proposals to amend MAR 9 to include wind-down guidance for a DRSP which wishes to vary or cancel all of its DRSP authorisation.

3.22 A DRSP must continue to comply with the requirements in the DRS Regulations 2017 up until its authorisation is cancelled. Compliance with the DRS Regulations 2017 involves continuing to publish trade reports and submit details of transactions to the FCA (including quantitative transparency reporting data to the FCA for us to perform transparency calculations). A DRSP should therefore ensure its timings for the wind down enables it to continue to publish or submit all outstanding regulatory reporting data to the FCA on all transactions it has published within the relevant regulatory reporting deadlines.

3.23 We made it clear in our proposals that a DRSP must provide a wind-down plan at the point at which it requests the cancellation of its DRSP authorisation. The wind-down plan should include plans to communicate with all client types, and in the case of APAs and SI clients, include provision for a timely and orderly transfer of SIs to a new APA. As set out in the proposals, we would expect the DRSP to identify all clients who will be affected by the cancellation of the DRSP's authorisation and detail the arrangements to support the transfer of such clients to a new DRSP.

3.24 We recognise that in the case of APAs, following a cancellation, trade reports cannot be amended through a new APA. Under these circumstances, we would expect the firm responsible for the reports and its new APA to contact the FCA to discuss how best to proceed.

Cost benefit analysis

3.25 We explained in CP21/35 that our statutory cost benefit analysis (CBA) requirements in section 138I of the Financial Services and Markets Act 2000 (FSMA) does not apply to directions and guidance issued under Regulations 11 and 20 of the DRS Regulations 2017.

CP20/22: Application Fees (Amendment) Instrument 2022

Background

- 3.26 We are introducing a new £250 charge (Category 1 under the new pricing structure) for notifications of functions under the senior managers regime (SMR) and controlled functions for appointed representatives (CF(AR)).
- 3.27 We consulted in [November 2020](#) on revalorising and restructuring FCA application fees. We provided feedback in [April 2021](#), explaining that we intended to proceed largely as consulted on but that, since the great majority of application fees are paid online, we would not be able to implement our proposals immediately as we needed to amend and test our systems before going live. That exercise was completed at the end of 2021. We confirmed the new structure in a policy statement (PS) in [January 2022](#) and the new structure was brought into effect on 24 January 2022 as part of a major release of our CONNECT online application system.
- 3.28 We explained in the January 2022 PS that we needed to complete further work before introducing the new charge under SMR and CF(AR). We are now in a position to implement it. The charge will go live on 27 May 2022, as part of a CONNECT release.

Summary of proposals

- 3.29 The key features of the charge are as follows:
- It is triggered by submission of a standalone Long Form A (as defined in the FCA Handbook – [Supervision manual 10C Annex 3D](#)).
 - The payment is per form submitted.
 - The charge is triggered only when a standalone application is made. If the Long Form A is submitted as part of an application for authorisation, a variation of permission, or a notification of registration of an appointed representative, it will not be charged.
 - Applications submitted in the course of making arrangements for changes in control (CiCs) will be treated as standalone applications and incur fees.
 - There is no charge for the Short Form A.
 - Payments are made online. We will not issue invoices.

Feedback and response

- 3.30 Our review of the consultation responses relating to the new charge were included in our feedback on the wider consultation in [April 2021](#).

Cost benefit analysis and compatibility statement

- 3.31 Section 138I of the Financial Services and Markets Act exempts the FCA from the requirement to carry out and publish a cost benefit analysis regarding

proposals for rules regarding FCA fees and levies. The compatibility statement we published in [CP20/22](#) remains unchanged.

Equality and diversity issues

- 3.32 We continue to believe that the rules we have made will not have a negative impact on any of the groups with protected characteristics under the Equality Act 2010 and no concerns about equality or diversity were raised during consultation.

4 Additional information

Making corrections

- 4.1 The FCA reserves the right to make correctional or clarificatory amendments to the instruments made at the Board meeting without further consultation should this prove necessary or desirable.

Publication of Handbook material

- 4.2 This Notice is published on the FCA website and is available in hardcopy.
- 4.3 The formal legal instruments (which contain details of the changes) can be found on the FCA's website listed by date, reference number or module at www.handbook.fca.org.uk/instrument. The definitive version of the Handbook at any time is the version contained in the legal instruments.
- 4.4 The changes to the Handbook are incorporated in the consolidated Handbook text on the website as soon as practicable after the legal instruments are published.
- 4.5 The consolidated text of the Handbook can be found on the FCA's website at www.handbook.fca.org.uk/. A print version of the Handbook is available from The Stationery Office's shop at www.tsoshop.co.uk/Financial-Conduct-Authority-FCA/.
- 4.6 Copies of the FCA's consultation papers referred to in this Notice are available on the FCA's website.

Obligation to publish feedback

- 4.7 This Notice, and the feedback to which paragraph 1.3 refers, fulfil for the relevant text made by the Board the obligations in sections 138I(4) and (5) and similar sections of the Financial Services and Markets Act 2000 ('the Act'). These obligations are: to publish an account of representations received in response to consultation and the FCA's response to them; and to publish (where applicable) details of any significant differences between the provisions consulted on and the provisions made by the Board, with a cost benefit analysis

and a statement under section 138K(4) of the Act if a proposed altered rule applies to authorised persons which include mutual societies.

Comments

- 4.8 We always welcome feedback on the way we present information in the Handbook Notice. If you have any suggestions, they should be sent to handbookproduction@fca.org.uk (or see contact details at the front of this Notice).

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This Handbook Notice describes the changes to the Handbook and other material made by the Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 24 March 2022, 22 April 2022 and 28 April 2022.

It also may contain information about other publications relating to the Handbook and, if appropriate, lists minor corrections made to previous instruments made by the Board.

Contact names for the individual modules are listed in the relevant Consultation Papers and Policy Statements referred to in this Notice.

General comments and queries on the Handbook can be addressed to:

Meghan Beller

Tel: 020 7066 2111

Email: Meghan.Beller@fca.org.uk

However, queries on specific requirements in the Handbook should be addressed first to your normal supervisory contact in the FCA. For most firms this will be the FCA's Contact Centre:

Tel: 0300 500 0597

Fax: 0207 066 0991

Email: firm.queries@fca.org.uk

Post: Contact Centre
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

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