

# Handbook Notice No 103

October 2022

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# 1 Overview

## Legislative changes

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- 1.1 On 28 October 2022, the Board of the Financial Conduct Authority (FCA) made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No	Changes effective
<a href="#">CP22/17</a>	Supervision Manual (Reporting No 18) Instrument 2022	FCA 2022/37	31/12/2022

## Summary of changes

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

## Feedback on responses to consultations

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

## FCA Board dates for 2022

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

FCA board meetings		
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 Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 28 October 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 (PRA) please see <https://www.bankofengland.co.uk/news/publications>.

### ***Supervision Manual (Reporting No 18) Instrument 2022***

- 2.2 Following consultation in [CP22/17](#), the FCA Board has made changes to the Handbook sections listed below:

#### **SUP 16**

- 2.3 In summary, this instrument amends form FSA035 in order to reflect the prudential requirements that firms have in Interim Prudential sourcebook for Investment Businesses (IPRU(INV)) 5.4.3R. The same text also exists in SUP 16 Annex 24R and the guidance on validation in SUP 16 Annex 25G. This instrument also amends labelling errors in SUP 16 Annexes 24R and SUP 16 Annex 25G.
- 2.4 This instrument came into force on 31 December 2022. Feedback is published in Chapter 3 of this Notice.

## 3 Consultation feedback

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

### **CP22/17: Supervision Manual (Reporting No 18) Instrument 2022**

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#### Background

- 3.2 We collect regulatory data to inform and support our supervision of firms. Our data reporting requirements are set out in the Handbook, predominantly in the Supervision manual (SUP).
- 3.3 The changes set out below are to Handbook text and the FSA035 reporting form. Our proposals were set out in Appendix 3 of the September 2022 Quarterly Consultation Paper ([CP22/17](#)).
- #### Summary of proposals
- 3.4 In [CP22/17](#), we proposed amendments to form FSA035. The same text was also present in SUP 16 Annex 24R and the guidance on validation in SUP 16 Annex 25G. We also sought to amend labelling errors in SUP 16 Annexes 24R and SUP 16 Annex 25G.
- 3.5 Our proposals replaced data elements 18A and 19A in FSA035 with data element 23A to reflect the prudential requirements that firms have in Interim Prudential sourcebook for Investment Businesses (IPRU(INV)) 5.4.3R.
- 3.6 Data elements 18A and 19A asked firms to state the own funds requirement, for which input options were given as 5 and 4,000, respectively. These options were not aligned with the own funds requirements available to firms according to IPRU(INV) 5.4.3R.
- 3.7 We therefore proposed to replace both with a new data element 23A: 'own funds requirement calculated in accordance with IPRU(INV) 5.4.3R'.
- 3.8 The Completion Guidance to FSA035 in SUP 16 Annex 25G gave the input options to data element 18A as 'blank' or '5' and the input options to data element 19A as 'blank' or '4000'.
- 3.9 We proposed to modify this in line with the above changes and update the Completion Guidance to read as follows: 'Firms should review

their own funds requirement according to IPRU(INV) 5.4.3R before submission of this form and ensure that the correct amount is reported in field 23A. Any currency conversions must use the relevant conversion rate as of the period end date. For example, if a firm is reporting in United States dollar (USD), and their own funds requirement is 4 million British pound sterling (GBP) (4,000k GBP), then they should use the period end date currency conversion rate to convert 4,000k GBP into USD and report this USD figure in field 23A'.

3.10 We also proposed to correct labelling errors in both SUP 16 Annex 24R and SUP 16 Annex 25G to correct the headers for FSA034 and FSA035 to ensure that these refer to the correct exemption in IPRU(INV). We proposed to change the respective headers to:

- 'FSA034 Capital Adequacy (for firms subject to IPRU(INV) Chapter 5 that do not fall within any of the exceptions listed in IPRU(INV) 5.4.2R)'
- 'FSA035 Capital Adequacy (for firms subject to IPRU(INV) Chapter 5 that fall within one of the exceptions in IPRU(INV) 5.4.2R)'

3.11 Finally, we proposed to correct a labelling error in SUP Annex 25G, where the validation guidance pages for FSA033, FSA034 and FSA035 showed 'FSA043 validations Page 1'.

3.12 Our proposals set out that we would amend this labelling error by changing the validation guidance pages to show:

- 'FSA033 validations Page 1'
- 'FSA034 validations Page 1'
- 'FSA035 validations Page 1'

#### Feedback and response

3.13 No feedback was received during the consultation. As such, we have proceeded with our amendments, as proposed in [CP21/17](#).

#### Cost benefit analysis

3.14 Section 138I(2)(a) of FSMA requires us to publish a cost benefit analysis (CBA) when proposing draft rules unless, in accordance with section 138L(3) of FSMA, we believe that there will be no increase in costs or that the increase will be of minimal significance.

3.15 We believe that the 3 proposals in this chapter are not likely to result in cost increases or that any increases will be of minimal significance. The proposal on specifying 'material' alterations might lead to a decrease in cost. While fund operators are now required to notify us of all changes to a s.272 scheme, the rule changes allow such operators to consider

making fewer notifications to us going forward by focusing only on 'material' scheme alterations in a more efficient way. The remaining changes are unlikely to have a direct impact on cost.

3.16 No cost benefit analysis is therefore required.

**Equality and diversity statement**

3.17 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 were raised during consultation.

3.18 The changes made by this instrument are listed in Chapter 2 of this Notice.

## 4 Additional information

### Making corrections

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- 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

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- 4.2 This Notice is published on the FCA website and is available in hard copy.
- 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](http://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/](http://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/](http://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

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- 4.7 This Notice, and the feedback to which paragraph 1.4 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**

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- 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 [handbookfeedback@fca.org.uk](mailto:handbookfeedback@fca.org.uk) (or see contact details at the end of this Notice).



## Handbook Notice 103

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 28 October 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](mailto: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](mailto:firm.queries@fca.org.uk)

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

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