

Handbook Notice No 111

July 2023

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1 Overview

Legislative changes

- 1.1 On 29 June 2023, the Board of the Financial Conduct Authority (FCA) made the relevant changes to the Handbook as set out in the instruments listed below.

CP	Title of instrument	Instrument No	Changes effective
CP23/1	Insurance: Conduct of Business Sourcebook (Customers in Financial Difficulty) Instrument 2023	FCA 2023/23	31/07/2023
CP22/18	Perimeter Guidance (Trading Venues) Instrument 2023	FCA 2023/25	09/10/2023
CP23/7	Periodic Fees (2023/24) and Other Fees Instrument 2023	FCA 2023/26	04/07/2023

- 1.2 On 27 July 2023, 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
CP23/9	Financial Resilience Reporting (No 2) Instrument 2023	FCA 2023/30	01/01/2024
CP23/2	Technical Standards (Electronic Reporting Format) Instrument 2023	FCA 2023/31	28/07/2023
CP23/2	Disclosure Guidance and Transparency Rules Sourcebook (Electronic Reporting Format) Instrument 2023	FCA 2023/32	28/07/2023
N/A	Handbook Administration (No 66) Instrument 2023	FCA 2023/33	28/07/2023

Summary of changes

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

Feedback on responses to consultations

- 1.4 Consultation feedback is published in Chapter 3 of this notice or in separate policy statements.

FCA Board dates for 2023

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

FCA board meetings		
September	28	2023
October	26	2023
November	23	2023
December	14	2023

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 29 June 2023 and 27 July 2023. 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 www.bankofengland.co.uk/news/publications.

Insurance: Conduct of Business Sourcebook (Customers in Financial Difficulty) Instrument 2023

- 2.2 Following consultation in [CP23/1](#), the FCA Board has made changes to the Handbook sections listed below:

ICOBS 2.7

- 2.3 In summary, this instrument makes changes to the FCA Handbook to reduce the impact of financial difficulties on customers, enable customers to maintain an appropriate level of insurance that they can afford and reduce the risk of customers losing appropriate insurance cover that is important to them.
- 2.4 This instrument came into force on 20 July 2023. Feedback is published in a separate [policy statement](#).

Perimeter Guidance (Trading Venues) Instrument 2023

- 2.5 Following consultation in [CP22/18](#), the FCA Board has made changes to the Handbook sections listed below:

Glossary of definitions

- 2.6 The FCA Board also resolved to make changes to the following material outside of the Handbook:
- #### **PERG 13.3**
- 2.7 In summary, this instrument makes changes to the FCA Handbook to ensure that firms have greater certainty about the permissions they require to carry out their business. Greater clarity about the perimeter helps to maintain a level playing field, which supports competition. It also helps to protect the integrity of the United Kingdom's financial system.
- 2.8 This instrument comes into force on 9 October 2023. Feedback is published in a separate [policy statement](#).

Periodic Fees (2023/24) and Other Fees Instrument 2023

2.9 Following consultation in [CP23/7](#), the FCA Board has made changes to the Handbook sections listed below:

FEES 3 Annex 16R, 4.2, 4 Annex 1AR, 4 Annex 2AR, 4 Annex 4R, 4 Annex 5R, 4 Annex 11R, 4 Annex 14R, 4 Annex 15R, 4 Annex 16R, 4A Annex 1R, 4A Annex 2R, 5 Annex 1R, 7A Annex 1R, 7A Annex 2R, 7A Annex 3R, 7B Annex 1R, 7C Annex 1R, 7C Annex 2R, 7C Annex 3R, 7D Annex 1R, 13 Annex 1R, 13A Annex 1R, App 2 Annex 2, App 3.1, App 4 Annex 2

2.10 In summary, this instrument publishes the 2023/24 periodic regulatory fees and levies for:

- the FCA;
- the Financial Ombudsman Service; and
- levies collected on behalf of government departments.

2.11 This instrument came into force on 4 July 2023. Feedback is published in a separate [policy statement](#).

Financial Resilience Reporting (No 2) Instrument 2023

2.12 Following consultation in [CP23/9](#), the FCA Board has made changes to the Handbook sections listed below:

SUP 16.30, 16 Annex 54G

2.13 In summary, this instrument makes changes to the FCA Handbook to bring all full permission consumer credit firms in scope of FIN073. This clarification of scope aligns with the FCA's objectives of collecting baseline financial data from firms with the greatest potential for harm.

2.14 This instrument comes into force on 1 January 2024. Feedback is published in Chapter 3 of this notice.

Technical Standards (Electronic Reporting Format) Instrument 2023

2.15 Following consultation in [CP23/2](#), the FCA Board has revoked the following technical standard:

Commission Delegated Regulation (EU) 2019/815

2.16 This instrument came into force on 28 July 2023. Feedback is published in Chapter 3 of this notice.

Disclosure Guidance and Transparency Rules Sourcebook (Electronic Reporting Format) Instrument 2023

2.17 Following consultation in [CP23/2](#), the FCA Board has made changes to the Handbook sections listed below:

**Glossary of definitions
DTR 4.1, 6.2**

2.18 This instrument also introduces the following new annex:

DTR 4 Annex 1R

2.19 In summary, this instrument makes changes to the FCA Handbook to streamline current provisions that set out how certain companies (issuers) with securities admitted to UK regulated markets must electronically structure annual financial reports.

2.20 This instrument came into force on 28 July 2023. Feedback is published in Chapter 3 of this notice.

Handbook Administration (No 66) Instrument 2023

2.21 The FCA Board also made minor changes to various modules of the FCA Handbook, as listed below.

2.22 These changes were not consulted on separately because they are minor amendments which correct or clarify existing provisions which have previously been consulted on. None of these changes represent any change in FCA policy.

2.23 In summary, the changes this month consist of amendments to COBS TP 2 in order to make a change to the deadlines in the FCA's rules for providers of personal and stakeholder pensions.

2.24 This instrument came into force on 28 July 2023.

3 Consultation feedback

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

CP23/9: Financial Resilience Reporting (No 2) Instrument 2023

Background

- 3.2 On 2 May 2023, we published the [PS23/3](#) and made the final rules for FIN073, a new baseline financial resilience return. In [PS23/3](#), a credit broker, as defined in the FCA Handbook, is excluded from the scope of FIN073. We are now changing the scope of firms required to provide us with baseline financial resilience data to exclude a firm with limited permission (instead of a credit broker), thereby bringing all full permission consumer credit firms in scope of the return.
- 3.3 We consulted in [CP23/9](#) on a change to the rules to amend the scope of FIN073 to provide an opportunity to affected firms to provide feedback.

Summary of proposals

- 3.4 The Handbook definition of 'a credit broker' is broad. It covers approximately 32,000 firms, including both limited and full permission entities. For the purposes of FIN073, we are changing the reference to 'a credit broker' in SUP 16.30 to 'a firm with limited permission'. In the Glossary, 'limited permission' is defined as 'a Part 4A permission for a relevant credit activity' (guidance on which is given in the Threshold Conditions sourcebook (COND) at COND 1.1A.5AG).
- 3.5 This change means that around 23,000 limited permission consumer credit firms remain outside the scope of FIN073. However, all full permission consumer credit firms are being brought into scope. Most full permission consumer credit firms have also been in scope of the Financial Resilience Survey (FRS) (formerly the 'Covid-19 Impact Survey') data collection and have therefore provided financial resilience data to us regularly over the past 2 years. For these firms we consider the transition from the FRS to FIN073 to be an evolution of the existing data collection; the new return comprises fewer data points and firms will benefit from a more intuitive form design.
- 3.6 This clarification of scope is consistent with the intent of the original consultation. We consider that full permission consumer credit firms are likely to present a significantly greater risk of harm to our objectives than limited permission firms, most of which only undertake credit broking as an ancillary activity to their primarily non-financial services business.
- 3.7 In changing the scope of FIN073, we will hold firm-specific financial resilience data for a wider set of firms, specifically those full permission consumer credit firms being brought into scope. This additional information will allow our supervisory approach to be more data led. It will also broaden our understanding

of this population of firms, which may pose intrinsic harm in failure risks due to their activities. This will help us to deliver our strategic commitment of reducing harm from firm failure.

- 3.8 This information will help us to improve the focus and effectiveness of our approach through risk-based supervision and better use of our supervisory tools. This means our resources are targeted at firms that carry on activities which pose a potentially higher risk of harm. We expect that this change will result in improvements to firms' financial resilience and a reduction of the actual risk of harm in firm failure in full permission consumer credit firms. It also aligns with and builds on our data strategy, using data and analytics to transform the way we regulate.

Feedback

- 3.9 During the consultation process, we engaged with trade associations and published in the FCA's monthly newsletter, Regulation Round-up, to ensure we reached the affected firms and offered them an opportunity for their feedback. The consultation received 4 responses from entities including authorised firms, compliance firms and trade associations. All respondents supported our proposal to exclude limited permission consumer credit firms and provided positive feedback. These respondents felt our proposal was proportionate based on the level of risk these firms pose to the FCA's objectives and the activities they conduct.
- 3.10 Some of the responses raised concerns regarding higher burdens for full permission consumer credit firms. One respondent also requested clarification as to whether full permission Prudential sourcebook for MiFID Investment Firms (MIFIDPRU) firms remain excluded from the scope of FIN073.

Our response

Firm burden

- 3.11 We have not changed our proposal from consultation. Most full permission consumer credit firms have been submitting financial data to us through the FRS over the past 3 years. While we recognise that bringing these firms in scope of FIN073 will require them to submit an additional return, we consider that the data being requested is proportionate to the risk of harm.
- 3.12 We have worked closely with Transforming Data Collection, a joint project between the FCA, the Bank of England and industry, to ensure the new return only collects the data points that are essential for the FCA to deliver its objective of reducing harm in firm failure. As a result, we have reduced the number of data points from 9 in the FRS to 5 in FIN073. The transition from the FRS to FIN073 will also simplify the submission process for firms. Firms in scope of FIN073 will benefit from the standard features of our data collection platform, RegData, that the current ad-hoc survey tool does not offer. These include easier access to guidance, including data definitions, and the ability to access previous submissions. Firms will also be able to see FIN073 in their forward schedule in RegData, making it significantly easier for them to plan.

MIFIDPRU investment firms

- 3.13 All MIFIDPRU investment firms remain out of scope of FIN073. This is because the regulatory reporting under MIFIDPRU already provides us with the baseline level of financial resilience data.

Cost benefit analysis

- 3.14 As part of the cost benefit analysis in our consultation paper, we set out in detail the rationale for our intervention and the expected benefits. The data collected through FIN073 is a core component of our approach to delivering our strategic commitment of reducing harm in firm failure. Baseline financial resilience data also helps us to deliver our commitments of dealing with problem firms and strengthening the UK's position in global wholesale markets. Therefore, this may result in consumers having more confidence to make use of UK financial services.

Equality and diversity statement

- 3.15 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.

CP23/2: Technical Standards (Electronic Reporting Format) Instrument 2023 and Disclosure Guidance and Transparency Rules Sourcebook (Electronic Reporting Format) Instrument 2023

Background

- 3.16 In [CP23/2](#), we consulted on changes to streamline our existing rules that require in-scope companies with securities admitted to trading on UK regulated markets to prepare, publish and file with the FCA their annual financial report in an electronic format, and for the financial statements within it to be in a structured, digitally tagged format.
- 3.17 We also proposed a new framework to enable us to align quickly with updated taxonomies that in-scope companies use to tag their financial statements, and to provide more flexibility for future taxonomy developments.
- 3.18 To date, these taxonomies for financial statements have been issued by third parties and are based on International Financial Reporting Standards (IFRS). The new framework aims to reduce the delay in keeping pace with changes to these taxonomies, which is associated with following the statutory processes for formally changing our Handbook rules and regulatory technical standards that have been onshored from EU law.
- 3.19 Overall, these proposals are intended to support companies by making our requirements clearer, and easier to locate and navigate, thus promoting compliance.

Summary of proposals

- 3.20 We proposed to simplify the structure of our current requirements by:

- deleting a regulatory technical standard relating to the electronic reporting format for annual financial reports (the [Technical Standard](#));
- relocating the substantive requirements directly into our Disclosure Guidance and Transparency Rules (DTR) sourcebook in DTR 4.1, while removing some unnecessary provisions and making some other minor changes and clarifications; and
- proposing new guidance in a Technical Note on our website to indicate what we consider to be the 'generally accepted taxonomies' that issuers can use to meet our requirements, to replace the current list of 'permitted taxonomies' in the Technical Standard.

Feedback

- 3.21 We received 5 responses to our consultation. We also met with relevant industry participants to gain a range of perspectives on our proposals. We did not hear directly from any issuers or parties that we would expect to use digitally tagged financial statements, such as analysts.
- 3.22 The feedback was broadly supportive of the changes and our rationale, particularly with respect to reducing the delay in staying aligned with annual taxonomy changes. We received no comments on our cost benefit analysis.
- 3.23 The only substantive point of feedback concerned our proposal not to replicate in full in the DTR sourcebook the 'Marking up and Filing Rules' in Annex IV of the current Technical Standard (responding to Question 4).
- 3.24 Three respondents had interpreted this to mean that the FCA was no longer expecting issuers to conform with these marking up and filing standards, and disagreed on that basis. They were concerned that some issuers might seek to reduce costs and workload by no longer following such filing rules. This could lead to inconsistent and poorer quality tagging, and less information being provided to users of digitally tagged financial statements. This would undermine a user's confidence in the digital tagging, and the usefulness of financial statements being digitally tagged in terms of promoting greater market transparency. It would also be more challenging for an auditor to provide an assurance report on the accuracy of the tagging, although this is not currently required by our rules.
- 3.25 We also received some comments on a small number of the proposed changes to the DTR sourcebook. These included questions on using other taxonomies (for example, non-IFRS taxonomies) to digitally tag information in the annual financial reports. It was queried whether we were extending our requirements to certain overseas-incorporated issuers that currently benefit from an exemption to publish an annual financial report via DTR 4.4.8R. Some minor drafting changes were also suggested.

Our response

- 3.26 We are proceeding broadly as consulted with some minor adjustments to the DTR sourcebook and Technical Note. Our final rules apply to financial years starting

on or after 1 January 2022. (We have removed references to financial years starting before 1 January 2022 from our Technical Note.) The new Technical Note ([Structured digital reporting for annual financial reports – Primary Market / TN / 507.1](#)) can be viewed in our online [Knowledge Base](#). The revoked Technical Standard will still be available to view on our website.

Queries with regards to marking up and filing rules in Annex IV (question 4)

- 3.27 In [CP23/2](#), we said that streamlining our rules and issuing new guidance was not intended to change our existing approach. It remains our position therefore that issuers should continue to follow the approach in Annex IV of the Technical Standard with regard to the 'Marking up and Filing Rules' in relation to the use of taxonomies. However, we are not replicating these directly in FCA rules.
- 3.28 Broadly speaking, Annex IV sets out how the issuer selects and applies tags from the taxonomy, creates 'extension' tags and links them to an element within the taxonomy (also referred to as 'anchoring') and uses 'link bases'. Annex IV and the European Single Electronic Format (ESEF) taxonomies are supported by a significant range of European Securities and Markets Authority (ESMA) guidance materials.
- 3.29 Although we proposed not to move the lengthy 'how to' steps from Annex IV directly into the DTR sourcebook, we stated in the proposed new DTR 4.1.18R that issuers should use a 'generally accepted taxonomy' and that the tagging must follow the marking-up and filing requirements specified by the taxonomy that the issuer uses. This is supported by guidance in the new Technical Note on the generally accepted taxonomies and which refers to materials relating to the use of an accepted taxonomy.
- 3.30 We have considered the responses to Question 4 carefully and have decided that, on balance, it would be more practical for issuers if we proceed as originally proposed and do not replicate Annex IV directly in the DTR sourcebook. This better achieves our intended benefits of streamlining our rules and enabling us to update references to accepted taxonomies (and related materials) more efficiently via the Technical Note. Replicating this material in our rules may also be more confusing for issuers, since it originates from EU material but would need to be adapted in FCA rules and would also require more frequent updates to our rules over time if these elements are also updated. However, we have made some changes to the note to DTR 4.1.18R to make our requirements and expectations clearer.
- 3.31 We will continue to monitor future compliance with our rules and engage with stakeholders to assess how issuers are responding to our new approach.

Other minor changes and questions raised in feedback

- 3.32 We have made some minor clarificatory changes to DTR 4.1.22R(2), Table 2 in DTR 4 Annex I and DTR 6.2.11G(4) in response to the feedback.
- 3.33 We have clarified in DTR 4.1.22R(2) that, where an issuer digitally tags its own IFRS annual financial statements in the annual financial report using a generally

accepted taxonomy, it may tag other parts of the annual financial report using any taxonomy specific to those parts.

- 3.34 We have removed the references to financial years starting before 1 January 2022 in DTR 4 Annex I because the deadline for publication of these financials has already passed. The old rules in the revoked Technical Standard remain available to view on the FCA's website.
- 3.35 We are reinstating the original drafting of DTR 4.4.8R(1). We agree with feedback that the changes are unnecessary and could be misinterpreted as extending our digital reporting obligations to certain overseas issuers who currently benefit from an FCA exemption from DTR 4.1.
- 3.36 In the Technical Note, we have deleted ESMA's Final Report as the source for the ESEF 2022 taxonomy and replaced it with the relevant EU amending regulation.

Cost benefit analysis

- 3.37 In [CP23/2](#), we set out how our proposals comply with the FCA's statutory objectives and indicated that we do not expect any material costs to be incurred by issuers subject to these changes, since their obligations remain the same. The changes to our original proposals do not change that analysis.

Equality and diversity statement

- 3.38 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.

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 1.4 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

- 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 handbook.feedback@fca.org.uk (or see contact details at the end of this notice).

Handbook Notice 111

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 29 June 2023 and 27 July 2023.

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:

Mary McGowan

Tel: 020 7066 1321

Email: Mary.McGowan@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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