

# Handbook Notice No 115

January 2024

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# 1 Overview

## Legislative changes

- 1.1 On 14 December 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
<a href="#">CP23/15</a>	Data Reporting Services (Amendment) Instrument 2023	FCA 2023/42	05/04/24
<a href="#">CP23/15</a>	Technical Standards (Authorisation, Organisational Requirements and the Publication of Transactions for Data Reporting Services Providers) Instrument 2023	FCA 2023/43	05/04/24
<a href="#">CP23/16</a>	FCA Standards Instrument: The Technical Standards (Bilateral Margining) Instrument 2023	FCA 2023/44	18/12/23

- 1.2 On 10 January 2024, the Board of the FCA made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No	Changes effective
N/A	Dispute Resolution: Complaints Sourcebook (Motor Finance Discretionary Commission Arrangement Complaints) Instrument 2024	FCA 2024/1	11/01/24

- 1.3 On 25 January 2024, the Board of the FCA made the relevant changes to the Handbook, and to material outside the Handbook, as set out in the instruments listed below.

CP	Title of instrument	Instrument No	Changes effective
<a href="#">CP23/18</a>	Supervision Manual (Professional Indemnity Insurance and Appointed Representatives) Instrument 2024	FCA 2024/2	26/01/24
N/A	Perimeter Guidance Instrument 2024	FCA 2024/3	31/01/24

## Summary of changes

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- 1.4 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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- 1.5 Consultation feedback is published in Chapter 3 of this notice or in separate policy statements.

## FCA Board dates for 2024

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

FCA board meetings		
February	29	2024
March	28	2024
April	25	2024
May	23	2024
June	27	2024
July	25	2024
September	26	2024
October	31	2024
November	28	2024
December	19	2024

## 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 14 December 2023, 10 January 2024 and 25 January 2024. 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](http://www.bankofengland.co.uk/news/publications).

### ***Data Reporting Services (Amendment) Instrument 2023***

- 2.2 Following consultation in [CP23/15](#), the FCA Board has made changes to the Handbook sections listed below:

**Glossary of definitions**  
**SYSC 15A.1**  
**COBS 11.4**  
**MAR 9.1, 9.2, 9.3 and Sch 2**  
**DEPP 2 Annex 1**  
**REC 2.16B**

- 2.3 The FCA Board also resolved to make changes to the following material outside of the Handbook:

**EG 19.35**  
**M2G 1**

- 2.4 This instrument also introduces the following new chapters:

**MAR 9.2A, 9.2B, 9.2C and 9.2D**

- 2.5 In summary, this instrument sets out the rules and guidance to be included in the FCA Handbook on the UK consolidated tape (CT) for bond market data. By providing a single, authoritative, complete and affordable source of market data, the CT should reduce trading costs, increase liquidity and allow investors to better assess their brokers' execution quality.

- 2.6 This instrument comes into force on 5 April 2024. Feedback is published in a separate [policy statement](#).

### ***Technical Standards (Authorisation, Organisational Requirements and the Publication of Transactions for Data Reporting Services Providers) Instrument 2023***

- 2.7 Following consultation in [CP23/15](#), the FCA Board has revoked the technical standards listed below:

**Commission Delegated Regulation (EU) 2017/571**  
**Commission Implementing Regulation (EU) 2017/1110**

- 2.8 This instrument comes into force on 5 April 2024. Feedback is published in a separate [policy statement](#).

***FCA Standards Instrument: The Technical Standards (Bilateral Margining) Instrument 2023***

- 2.9 Following consultation in [CP23/16](#), the FCA Board has made changes to the technical standard listed below:

**Commission Delegated Regulation (EU) 2016/2251 - Article 38**

- 2.10 In summary, this instrument extends the temporary exemptions for single-stock equity options and index options from the UK bilateral margining requirements until 4 January 2026. It also contains confirmation of the approach to pre-approval of bilateral initial margin models.
- 2.11 This instrument came into force on 18 December 2023. Feedback is published in a separate [policy statement](#).

***Dispute Resolution: Complaints Sourcebook (Motor Finance Discretionary Commission Arrangement Complaints) Instrument 2024***

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

**Glossary of definitions  
DISP 1.1, 1.2 and 2.1**

- 2.13 This instrument also introduces the following new appendix:

**DISP App 5**

- 2.14 In summary, this instrument makes changes to the FCA Handbook to:
- pause, for 37 weeks, the requirement on firms to provide a final response to a complaint about motor finance agreements with discretionary commission arrangements (DCAs) within 8 weeks of receiving the complaint; and
  - extend the time consumers have to refer DCA complaints to the Financial Ombudsman from 6 to 15 months, if the firm sent its final response to the complaint within the period specified in the rules.
- 2.15 We normally make rules after consulting on draft rules in line with section 138I of the Financial Services and Markets Act 2000 (FSMA). However, section 138L of FSMA allows us to make rules without prior consultation if we consider that the delay involved would be prejudicial to the interests of consumers. The [policy statement](#) that accompanied this instrument explains why we relied on section 138L of FSMA to make our rules on handling DCA complaints without consultation.
- 2.16 This instrument came into force on 10 January 2024.

### ***Supervision Manual (Professional Indemnity Insurance and Appointed Representatives) Instrument 2024***

2.17 Following consultation in [CP23/18](#), the FCA Board has made changes to the Handbook section listed below:

#### **SUP 12.4**

2.18 In summary, this instrument makes changes to amend SUP 12.4.10AR to clarify its interaction with MIPRU 3.2 on professional indemnity insurance requirements.

2.19 This instrument comes into force on 26 January 2024. Feedback is published in chapter 3 of this notice.

### ***Perimeter Guidance Instrument 2024***

2.20 The FCA Board has made changes to the following material outside of the Handbook:

#### **PERG 8.4, 8.11, 8.12, 8.14 and 8.36**

2.21 In summary, the instrument makes changes to the guidance in PERG on the exemptions in articles 48 and 50A of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (FPO) relating to promotions to high net worth individuals and self-certified sophisticated investors, respectively.

2.22 These exemptions (and related exemptions in the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (PCIS Order)) have been updated by the Financial Services and Markets Act 2000 (Financial Promotion) (Amendment) (No. 2) Order 2023. This order was made on 19 December 2023 and comes into force on 31 January 2024.

2.23 Broadly, the changes to the exemptions in the FPO and PCIS Order:

- increase the financial thresholds for individuals to be categorised as high net worth;
- amend the criteria by which individuals may be categorised as self-certified sophisticated investors;
- require those relying on the exemptions to provide certain details about themselves in promotions communicated in reliance on the exemptions;
- update the high net worth individual and self-certified sophisticated investor statements; and
- rename the 'certified high net worth individual' exemption as simply the 'high net worth individual' exemption.

- 2.24 The changes made by this instrument are to guidance in PERG only. The instrument makes no changes to rules.
- 2.25 The changes to PERG are to reflect the changes made by legislation to the relevant exemptions in the FPO and PCIS Order. The changes do not reflect any exercise of policy choice or discretion on the part of the FCA. As such, we have not consulted on these changes.

## 3 Consultation feedback

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

### **Supervision Manual (Professional Indemnity Insurance and Appointed Representatives) Instrument 2024**

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#### Background

- 3.2 Chapter 3 of the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU) sets out rules regarding the requirement for certain authorised firms to maintain professional indemnity insurance (PII). MIPRU 3.2.4R(1) requires that the contract of PII must include provisions for cover in respect to claims for which the firm may be liable as a result of the conduct of:

- itself;
- its employees; and
- its appointed representatives (ARs) acting within the scope of their appointment.

- 3.3 At the same time, Supervision manual (SUP) 12.4.10AR requires that, before a firm appoints a person as an AR to carry on a Mortgage Credit Directive (MCD) credit intermediation activity, the principal firm must ensure that the person has, and will maintain on a continuing basis after appointment, PII cover in accordance with the rules applicable to MCD credit intermediaries.

- 3.4 We have identified an inconsistency between MIPRU 3.2 and SUP 12.4.10AR that could lead to a different interpretation of how a principal firm with an AR carrying out an MCD credit intermediation activity can comply with the requirement to have PII.

- 3.5 In [CP23/18](#), we proposed to amend SUP 12.4.10AR to clarify that it is the principal firm which must obtain and maintain continuous PII cover for the activities for which it may be liable as a result of the conduct of its ARs.

#### Summary of proposals

- 3.6 In our CP we proposed to delete SUP 12.4.10AR(1) to remove the suggestion that a principal firm would satisfy the rules in MIPRU 3.2 if its ARs that carry out an MCD credit intermediation activity obtain PII themselves. We also proposed to amend SUP12.4.10AR(2) to clarify that a principal firm must obtain PII for its ARs in order to satisfy the rules in MIPRU 3.2.



- 3.7 In addition to the amendments, we proposed to add guidance to SUP 12.4.10AR to further clarify the interaction between this rule and the requirements in MIPRU 3.2.
- 3.8 The changes proposed were made to remove any inconsistencies between SUP 12.4.10AR and the requirements in MIPRU 3.2, and to provide greater clarity on the original policy intention as set out in MIPRU 3.

#### How this links to our objectives

- 3.9 The changes support our operational objectives of securing an appropriate degree of consumer protection and is compatible with the FCA's secondary international competitiveness and growth objective. The clarification will remove ambiguity about who is to obtain PII for the activities of ARs that carry out an MCD credit intermediation activity. It will also ensure that principal firms are clear on their obligation to obtain and maintain PII cover in line with our expectations.

#### Feedback

- 3.10 Two respondents provided feedback on our proposal in [CP23/18](#).
- 3.11 Overall, the respondents agreed with our objective to amend SUP 12.4.10AR to provide clarification on who should obtain PII for ARs.
- 3.12 The respondents suggested further clarity could be provided to the rule as set out in SUP 12.4.10AR. One respondent suggested simplifying the rule to solely refer to the requirement for principal firms to have and maintain PII for the activities of their ARs.
- 3.13 The second respondent suggested a further amendment to the rule may be required as SUP 12.4.10AR still refers to 'the person' (the AR) being required to have and maintain PII rather than focusing on the need for the principal to have PII cover.
- 3.14 A second point was raised as to the wider obligation for certain principal firms who have ARs that are not engaged in MCD credit intermediation activity to have and maintain PII for the activities of those ARs, and whether this obligation should also be set out in SUP 12.4.

#### Our response

- 3.15 The feedback from the respondents has been considered. The rule in SUP 12.4.10AR has been set out as such to clarify the requirement for firms engaged in the MCD credit intermediation activity to have and maintain PII as expressed in the MCD, which includes ARs engaged in this activity.
- 3.16 Compliance with SUP 12.4.10AR can only be satisfied in two ways and these are specified in SUP 12.4.10AR(2) and (3). In addition, new guidance at SUP 12.4.10AAG(1) and (2) is being added to further clarify that it is the firm that must take out and maintain PII cover for the activities for which it may be liable as a result of the conduct of its ARs. We therefore believe the rule is suitably clear and do not propose to make any further amendments to SUP 12.4.10AR.

3.17 With regards to the wider obligation for principal firms to have and maintain PII for the activities of its ARs, the activity of MCD credit intermediation has been expressly referred to in SUP 12.4 as its obligation is derived from the MCD. Principal firms who are subject to rules that have a PII requirement but do not engage in MCD credit intermediation activity should ensure they have PII that covers the activities of their ARs in line with the rules applicable to them (eg, MIPRU 3.2).

#### Cost benefit analysis

3.18 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. In [CP23/18](#), we explained our view that no CBA was required for our proposals because the amendments would not lead to an increase in costs, or the increase would be of minimal significance. Our position remains unchanged.

#### Equality and diversity statement

3.19 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.

#### Environmental, social and governance considerations

3.20 We have considered the environmental, social and governance implications of our proposals and our duty under sections 1B(5) and 3B(c) of FSMA to have regard to contributing towards the Secretary of State achieving compliance with the net zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets under section 5 of the Environment Act 2021. Overall, we do not consider that the proposals are relevant to contributing to those targets.

#### Rule Review Framework

3.21 We have taken into account our duties under the Rule Review Framework and consider that these changes do not require ongoing monitoring.

## 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 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](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 [handbook.feedback@fca.org.uk](mailto:handbook.feedback@fca.org.uk) (or see contact details at the end of this notice).

# Handbook Notice 115

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 14 December 2023, 10 January 2024 and 25 January 2024.

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:

Lisa Oceró

Tel: 020 7066 0198

Email: [Lisa.Ocero@fca.org.uk](mailto:Lisa.Ocero@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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