

Handbook Notice No 139

March 2026

Contents

1	Overview	2
2	Summary of changes	4
3	Consultation feedback	9
4	Additional information	32
	Annex	34

1 Overview

Legislative changes

- 1.1 On 26 February 2026, 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
CP25/22	Redress Reforms Instrument 2026	FCA 2026/4	17 March 2026 1 June 2026
CP24/28	Notification of Third Party Arrangements and Operational Incident Reporting Instrument 2026	FCA 2026/6	18 March 2027

- 1.2 On 23 March 2026, the FCA's Executive Regulation and Policy Committee (ERPC) made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No	Changes effective
CP25/24	Perimeter Guidance Manual (Transfer of MiFID Organisational Regulation) Instrument 2026	FCA 2026/8	27 March 2026

- 1.3 On 26 March 2026, 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
CP25/35	Prospectus Rules (Miscellaneous Amendments) Instrument 2026	FCA 2026/9	27 March 2026
CP25/33	Application, Periodic and Other Fees (2026/2027) Instrument 2026	FCA 2026/11	26 March 2026 1 April 2026 21 April 2026 15 July 2026
CP25/13	Complaints Reporting Instrument 2026	FCA 2026/12	31 December 2026
CP25/35	Reporting (Administrative Fees) Instrument 2026	FCA 2026/13	1 April 2026
CP25/35	Data Decommissioning Instrument 2026	FCA 2026/14	1 April 2026
CP25/37	Collective Investment Schemes Sourcebook (Concentration Limits) (No 2) Instrument 2026	FCA 2026/15	27 March 2026
n/a	Handbook Administration (No 77) Instrument 2026	FCA 2026/18	6 April 2026

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 2026

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

FCA Board meetings		
April	23	2026
May	28	2026
June	25	2026
July	30	2026
September	24	2026
October	22	2026
November	19	2026
December	10	2026

2 Summary of changes

- 2.1 This Handbook Notice describes the changes to the FCA Handbook and other material made by the FCA Board and ERPC under their legislative and statutory powers on 26 February 2026, 23 March 2026 and 26 March 2026. 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.

Redress Reforms Instrument 2026

- 2.2 Following consultation in [CP25/22](#), the FCA Board has made changes to the following Handbook sections listed below:

SUP 15.3
DISP 1.1, 1.4 and 1.6
COMP 4.2, 4.3, 6.3, 11.2, 12.2, 12A.3

- 2.3 The FCA Board inserted the following new chapter:

COMP 4A

- 2.4 The FCA Board also deleted the following sections:

COMP 12A.1, 12A.2, 12A.4 and 12A.5

- 2.5 In summary, this instrument makes changes to the Handbook to clarify when firms should report emerging issues to the FCA and to improve the operational efficiency of the Financial Ombudsman and the Financial Services Compensation Scheme by streamlining processes and reducing the operational costs ultimately met by levy-paying firms.

- 2.6 Part 1 of Annex C and Annex D of this instrument came into force on 17 March 2026. Annex A, Annex B and Part 2 of Annex C of this instrument come into force on 1 June 2026. Feedback is published in a separate [policy statement](#).

Notification of Third Party Arrangements and Operational Incident Reporting Instrument 2026

- 2.7 Following consultation in [CP24/28](#), the FCA Board has made changes to the following Handbook sections listed below:

Glossary of definitions
SYSC 8.1 and 13.9
SUP 15.1, 13.3, 15.14, 15.18, 16.1, 16.3 and Sch 1

- 2.8 The FCA Board inserted the following new sections and annexes:
SUP 15.18, 15.19, 15 Annex 15 and 15 Annex 16 and 16.33
- 2.9 The FCA Board also deleted the following annex:
SUP 15 Annex 11D
- 2.10 In summary, this instrument makes changes to the Handbook to enhance incident and third party risk management, strengthen firms' operational resilience, and minimise harm.
- 2.11 This instrument comes into force on 18 March 2027. Feedback is published in a separate [policy statement](#).

Perimeter Guidance Manual (Transfer of MiFID Organisational Regulation) Instrument 2026

- 2.12 Following consultation in [CP25/24](#), ERPC has made changes to the following Handbook sections listed below:
**COBS 1.1
PROD 1.3
SUP 15.3
PERG 1.4, 2.5, 2.6, 2.7, 4.10A, 7.3, 8.30B, 10.1, 10.4, 10.4A,
12.4, 13.1, 13.2, 13.3, 13.4, 13.5, 13.5A, 13 Annex 1, 13
Annex 2 and 16.2**
- 2.13 In summary, this instrument makes changes to the Handbook to update the Perimeter Guidance manual following the making of the Markets in Financial Instruments (Miscellaneous Amendments) Regulations 2025, which restates the Markets in Financial Instruments Directive Organisational Regulation into the FCA Handbook.
- 2.14 This instrument comes into force on 27 March 2026. Feedback is published in Chapter 3 of this notice.

Prospectus Rules (Miscellaneous Amendments) Instrument 2026

- 2.15 Following consultation in [CP25/35](#), the FCA Board has made changes to the following Handbook sections listed below:
**Glossary of definitions
PRM 1.4, 1.5, 1.6, 4.1, 4.2, 4.3, 5.1, 10.1, App 1 Annex 2.6,
App 1 Annex 2.8, App 2 Annex 1.18, App 2 Annex 3.11,
App 2 Annex 5.1, App 2 Annex 5.2, App 2 Annex 7.8, App
2 Annex 8.3, App 2 Annex 10.1, App 2 Annex 10.2, App 2
Annex 10.3, App 2 Annex 10.4, App 2 Annex 10.5, App 2
Annex 10.6 SUP 15.3
DTR 8 Annex 2R**

- 2.16 In summary, this instrument makes changes to the Handbook to give proper effect to aspects of the Public Offers & Admissions to Trading regime, which came into force on 19 January 2026.
- 2.17 This instrument comes into force on 27 March 2026. Feedback is published in Chapter 3 of this notice.

Application, Periodic and Other Fees (2026/2027) Instrument 2026

- 2.18 Following consultation in [CP25/33](#), the FCA Board has made changes to the following Handbook sections listed below:

Glossary of definitions

FEES 3.2, 3 Annex 1, 3 Annex 8, 3 Annex 10, 3 Annex 15, 3 Annex 16, 4.1, 4.2, 4.3, 4 Annex 1A, 4 Annex 2A, 4 Annex 11A, 4 Annex 11B, 4 Annex 16, 4A.2, 5.4, 5.7, 6.7, 7A.1, 7A Annex 2, 7B.1, 7B Annex 1, 7C.1, 7C.3, 9.2, 13.1, App 2.3, App 2 Annex 3, App 4.3

- 2.19 In summary, this instrument makes changes to the Handbook to:
- introduce a new fee structure for firms operating a private intermittent capital exchange system
 - introduce deferred payment credit periodic fees
 - remove the £3 registration fee for payment institutions, registered account information service providers and electronic money institutions
 - amend the due dates for on account payments
 - retain the current relevant business definition in FEES 5
 - make minor clarifications to FEES 3 and FEES 4 to remove out of date references and improve readability
- 2.20 This instrument comes into force on 1 April 2026 except as set out on the coversheet of the instrument. Feedback is published in Chapter 3 of this notice.

Complaints Reporting Instrument 2026

- 2.21 Following consultation in [CP25/13](#), the FCA Board has made changes to the following Handbook section listed below:

DISP 1.10

- 2.22 In summary, this instrument makes changes to the Handbook to extend the requirement to provide vulnerable customer complaints data to all firms reporting complaints using the new consolidated complaints return from 1 January 2027.
- 2.23 This instrument comes into force on 31 December 2026. Feedback is published in Chapter 3 of this notice.

Reporting (Administrative Fees) Instrument 2026

- 2.24 Following consultation in [CP25/35](#), the FCA Board has made changes to the following Handbook sections listed below:

SUP 16.3
DISP 1.10 and 1.10B
MIFIDPRU 9.1

- 2.25 In summary, this instrument makes changes to the Handbook to reduce the administrative fee for late regulatory returns. This aligns the fee more closely with FCA processing costs.
- 2.26 This instrument comes into force on 1 April 2026. Feedback is published in Chapter 3 of this notice.

Data Decommissioning Instrument 2026

- 2.27 Following consultation in [CP25/35](#), the FCA Board has made changes to the following Handbook sections listed below:

SUP 16.30 and SUP 16 Annex 49

- 2.28 In summary, this instrument makes changes to the Handbook to remove the REP021a, REP021b and REP021d reporting requirements as the data is no longer needed. We are also making changes to reduce FIN073 reporting to an annual cycle for firms that also submit RMA-A and meet the revenue threshold, to ease unnecessary burden. These changes will streamline reporting, lower costs for firms and keep FCA data collections proportionate to risk.
- 2.29 This instrument comes into force on 1 April 2026. Feedback is published in Chapter 3 of this notice.

Collective Investment Schemes Sourcebook (Concentration Limits) (No 2) Instrument 2026

- 2.30 Following consultation in [CP25/37](#), the FCA Board has made changes to the following Handbook sections listed below:

COLL 5.2 and TP 1

- 2.31 In summary, this instrument makes changes to the Handbook to remove the parts of the COLL Concentration rule (COLL 5.2.29R) that relate to UK UCITS schemes' investment in units of other collective investment schemes.
- 2.32 This instrument comes into force on 27 March 2026. Feedback is published in Chapter 3 of this notice.

Handbook Administration (No 77) Instrument 2026

- 2.33 The FCA Board has made a minor change to the Product Disclosure sourcebook (DISC) to correct an existing provision which the FCA consulted on via [CP25/9](#). The change does not represent any change in FCA policy.
- 2.34 In summary, the amendment to the transitional provision rules in DISC TP 2 corrects an inadvertent omission in DISC TP 2.11R(1), which should also have referenced products falling in DISC TP 2.2R(4)(a), for which a disclosure document is not currently required. This is to ensure that closed-ended investment companies that are listed in the UK can, as intended, benefit from a transitional period not only for the DISC rules but also in relation to rules in other sourcebooks that have been consequentially amended to reflect DISC requirements.
- 2.35 This instrument comes into force on 6 April 2026, immediately after the changes made to DISC by the Consumer Composite Investments Instrument 2025.

3 Consultation feedback

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

CP25/24: Perimeter Guidance Manual (Transfer of MiFID Organisational Regulation) Instrument 2026

Background

- 3.2 Following consultation in [Consultation Paper \(CP\) 24/24](#), we published our final rules in [Policy Statement \(PS\) 25/13](#) to transfer the firm-facing requirements of the Markets in Financial Instruments Directive Organisational Regulation (Commission Delegated Regulation (EU) 2017/565) (MiFID Org Reg) into the FCA Handbook. We were unable to consult on associated amendments to the Perimeter Guidance manual (PERG) at the same time as these were dependent on the legislative amendments to the the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (RAO) by the Treasury.
- 3.3 In July 2024, the Treasury laid the Markets in Financial Instruments (Miscellaneous Amendments) Regulations 2025 (SI 2025/1020) (the amending SI) setting out these amendments to the RAO, allowing us to then consult on changes to PERG in Chapter 6 of [CP25/24](#).

Summary of proposals

- 3.4 In line with our general approach to restating the MiFID Org Reg into our Handbook, the amendments involved drafting changes rather than policy changes.

RAO amendments

- 3.5 As part of the implementation of the Markets in Financial Instruments Directive (MiFID), certain provisions of the MiFID Org Reg were set out in the RAO. These provisions were assimilated in the RAO following the UK's withdrawal from the EU. The amending SI restates those provisions with modifications and removes the references to the MiFID Org Reg.
- 3.6 We proposed to reflect the amendments made to the RAO in Chapters 2 and 13 of PERG.

Other changes to PERG

- 3.7 We proposed amending Chapter 13 to explain the UK meaning of 'financial instrument', 'investment services and/or activities' and 'MiFID investment firm (and of certain other kinds of investment firm)', as used in the Handbook and article 4(4) of the RAO (informally known as the 'MiFID override'). We also made minor consequential changes elsewhere in PERG and other sourcebooks to reflect these amendments.

3.8 To help firms, we proposed that Chapter 13 should continue to treat MiFID and related EU legislation as a useful guide to the meaning of the corresponding provisions of the RAO. We therefore kept references to the relevant EU legislation (including recitals) and the FCA's interpretations of MiFID and related EU legislation.

How this links to our objectives

3.9 We continue to be satisfied that our changes are compatible with our objectives and other legal obligations. Our proposals are unlikely to have a significant impact on the wider UK economy but, by ensuring our Handbook is accurate and up to date, firms have certainty on our processes and procedures, including the scope and applicability of our powers.

Feedback

3.10 We received no feedback on the proposal.

Our response

3.11 As we received no feedback on our proposals, we are proceeding with the amendments as consulted on.

Cost benefit analysis

3.12 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 Chapter 6 of [CP25/24](#), we explained our view that no CBA was required for our proposals because the amendments would not introduce new rules or make changes to existing rules as they only consist of guidance. This would therefore not lead to an increase in costs. Our position remains unchanged.

Equality and diversity statement

3.13 We continue to believe that the amendments 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.

Rule Review Framework

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

CP25/35: Prospectus Rules (Miscellaneous Amendments) Instrument 2026

Background

3.15 The Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (PRM) came into force on 19 January 2026.

3.16 The PRM sourcebook was finalised in July 2025 and published in Policy Statement (PS) [25/9](#). Since then, we have identified some PRM rules that are either incorrect or unclear. As a result, in Chapter 5 of CP25/35, we consulted on changes to correct or clarify certain rules and give proper effect to the policy proposals consulted on in Consultation Paper (CP) [24/12](#) and [CP25/2](#) which were finalised in [PS25/9](#). Our consultation included 2 minor substantive changes (described in the summary section below).

Summary of proposals

3.17 The corrections and clarifications will help issuers and their advisers better understand the scope and substance of our existing PRM requirements.

3.18 The 2 minor substantive changes will:

- Broaden the population of information that can be forward incorporated by reference in a base prospectus provided certain conditions are met. Forward incorporation relates to information that has not yet been published. This change is consistent with our original policy intent, which is to enable future financial information that is subject to periodic reporting to be incorporated by reference so that issuers are not required by our rules to prepare a supplementary prospectus.
- Create a national storage mechanism (NSM) filing requirement for notifications made in accordance with existing PRM obligations that require issuers to use a Primary Information Provider (PIP) to announce the admission to trading of transferable securities. Because PIPs usually file all required notifications in the NSM voluntarily, our proposal is unlikely to increase the workload of the issuers and PIPs. As part of this proposal, we will add a new headline code to the Disclosure Guidance and Transparency Rules sourcebook (DTR) to specify the way these notification filings should be categorised in the NSM.

How this links to our objectives

3.19 The changes will give proper effect to the prospectus reforms that were consulted on in [CP24/12](#) and [CP25/2](#), which were finalised in [PS25/9](#). Therefore, the changes are consistent with our strategic objective of ensuring that the relevant markets function well and advance our operational objective of protecting the integrity of the UK financial system. The amendments are compatible with our strategic objective because they relate to the preservation of current requirements which ensure that investors have the necessary information to assess securities being admitted to trading on a regulated market, whilst at the same time reducing costs for issuers where appropriate.

3.20 The changes will act towards our market integrity objective by giving proper effect to rules that are intended to ensure appropriate and accurate information is available to investors, the promotion of efficient price discovery and allocation of capital in line with risk appetite. We are satisfied that any burdens or restrictions are proportionate to the expected benefits.

We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective, as there will be no effect on growth from these corrections and clarifications.

Feedback

- 3.21 We received 2 written responses to our consultation in Chapter 5 of [CP25/35](#). All feedback related to the minor substantive changes that are summarised in paragraph 3.18 above.

Forward incorporation by reference

- 3.22 One respondent asked us to align with Article 19(1b) of the EU Prospectus Regulation (2017/1129), as amended by Regulation (EU) 2024/2809, which forms part of the EU Listing Act package, which permits the forward incorporation by reference of a broad set of 'financial information', including corporate governance statements, remuneration reports, and annual reports.

NSM filing requirement

- 3.23 The same respondent asked why our proposed NSM filing requirement was drafted differently to the equivalent requirement for 'regulated information' in DTR 6.2.2R. The respondent was also concerned that our proposals placed the burden on issuers to ensure that PIPs file the notifications correctly.
- 3.24 Another respondent asked us to clarify that the existing PRM requirements for issuers 'to notify' a PIP means that the PIP should disseminate the information to the public.

Our response

Forward incorporation by reference

- 3.25 DTR 4.1.5R requires that annual financial reports must include: (1) the audited financial statements; (2) a management report; and (3) responsibility statements. Given that annual and interim financial information as well as audit reports and financial statements can already be forward incorporated by reference into a base prospectus, we consider that allowing the forward incorporation of management reports as referred to in DTR 4 will permit the substantive parts of annual financial reports, as referred to in DTR 4, to be forward incorporated by reference. We recognise that Article 19(1b) of the EU Prospectus Regulation (2017/1129), as amended by Regulation (EU) 2024/2809 also allows the forward incorporation of annual reports for alternative investment funds. Because these reports have specific content requirements that were not fully explored in [CP25/35](#), we do not consider it appropriate, without further consideration, to extend the scope of our rules on forward incorporation to include the annual reports as required under FUND 3.2 and FUND 3.3, which are referred to in PRM 5.1.1R(3)(j).
- 3.26 The current requirements allow the incorporation by reference of already published corporate governance statements and remuneration reports. In practice, we have not observed issuers using this feature of the regime. Therefore, we see no need to have a rule allowing for forward incorporation by reference of these documents.

NSM filing requirement

- 3.27 Our changes to PRM are more specific than DTR 6.2.2R because our intention is to emulate the NSM filing process that is envisaged by DTR 6.2.2R, DTR 6.2.3G, DTR 6.3.3R, DTR 6.3.7R, and DTR 8.4.30R. Together, these provisions specify how the issuer's obligation in DTR 6.2.2R to file regulated information with the FCA may be satisfied when a PIP is involved.
- 3.28 We consider that introducing a PRM requirement for the issuer to ensure that the PIP files the notification with the FCA using the FCA-specified application programme interface (API) and standardised schema is analogous to the existing requirement in DTR 6.3.3R(2) for the issuer to '...ensure that the [PIP] complies with the minimum standards contained in DTR 6.3.4R to DTR 6.3.8R'. DTR 6.3.7R, in particular, relates to the metadata information that PIPs should provide to us when filing information on behalf of an issuer.
- 3.29 We agree with the suggestion to clarify PRM 1.5.2R and PRM 1.6.4R. Therefore, we have amended these rules to add an explicit dissemination requirement. We think most market participants would have understood the meaning of the existing PRM requirements, which are based on similar rules in UKLR, but the additional wording makes clear that dissemination is required.

Cost benefit analysis

- 3.30 Section 138I(2)(a) of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) when proposing draft rules unless, in accordance with section 138L(3) of FSMA, we consider there will be no increase in costs or that any increase will be of minimal significance. In [CP25/35](#), we explained our view that no CBA was required for our proposals because the amendments are not likely to result in cost increases or that any increases will be of minimal significance. Our position remains unchanged.

Equality and diversity statement

- 3.31 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.

Rule Review Framework

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

CP25/33: Application, Periodic and Other Fees (2026/2027) Instrument 2026

Background

- 3.33 We operate an annual fees consultation cycle:
- in autumn we consult on the development of our fees policy approach; and
 - in spring we consult on cost recovery proposals for the financial year ahead.

3.34 In this chapter, we provide feedback following our November 2025 ([CP25/33](#)) Fees Policy consultation paper (CP).

Summary of proposals

3.35 In [CP25/33](#), we consulted on 6 proposals:

Private Intermittent Capital Exchange System (PISCES) periodic fee

3.36 PISCES is a new type of trading platform that enables intermittent trading of private company shares. A PISCES sandbox opened in June 2025 and is expected to run for 5 years.

3.37 We proposed:

- allocating PISCES operators to a new 'B' (Market Infrastructure) fee-block in which firms would pay a minimum annual fee of £2,200 plus a variable fee if their annual regulated income exceeds £500,000; and
- fixing the variable fee-rate throughout the full 5-year sandbox.

3.38 We will consult on the fee-rate as part of our fee-rates CP in March 2026.

Deferred Payment Credit (DPC) fees and levies

3.39 From 15 July 2026, firms undertaking DPC (often called 'Buy Now Pay Later') will come under our regulation. Most of these firms are already authorised for other consumer credit activities and will only need to apply for a variation of permission (VoP) (currently £550 for a full permission consumer credit firm). Lenders exclusively providing DPC will need to apply for authorisation.

3.40 We proposed a Category 5 application fee for businesses applying for DPC authorisation. Once authorised, firms would be required to report income, using the definition in FEES 4 Annex 11B, so that we can calculate their periodic fees.

3.41 A Temporary Permissions Regime will allow firms without the necessary permissions to continue their DPC activities while we assess their applications. We proposed a Category 1 registration fee for firms entering the Temporary Permissions Regime and requiring them to provide income projections, using FEES 4 Annex 11B, so that we can calculate their periodic fees while in the Regime.

Payment institutions (PIs), registered account information service providers (RAISPs) and electronic money institutions (EMIs) registration fee

3.42 At present, PIs, RAISPs and EMIs pay £3:

- for each agent providing payment services registered under them at the time of registration; and
- to notify us of a change to an agent providing services on their behalf when submitting more than 100 changes.

3.43 To streamline cost recovery, we proposed removing the £3 registration fee and allocating our annual assessment costs (currently £160,000) to the PI, EMI and RAISPs fee-blocks (G.3, G.4, G.10 and G.11).

Invoicing due date for payments on account

3.44 Firms which pay on account must pay their fees for the following year in 2 instalments. The first instalment is due on 1 April. We collect the remaining balance on 1 September. Due to how direct debit runs operate, the current due dates cause delays when they fall on non-working days. This leads to complaints from firms about overdue invoices.

3.45 We proposed amending the due dates in the FEES manual (FEES) and PRA Rulebook to the 'last working day in March' and 'last working day in August', respectively (for the Financial Ombudsman levy, only the March date is relevant).

FEES 5 – Retaining the current 'relevant business' definition

3.46 The amount of 'relevant business' reported by firms is used to calculate the Financial Ombudsman's Compulsory Jurisdiction (CJ) levy for certain industry blocks in FEES 5 Annex 1R. The CJ levy applies to firms under the CJ of the Financial Ombudsman and contributes to its funding.

3.47 We proposed retaining the current relevant business definition (i.e., based on business with consumers only) and not to proceed with the planned expansion of the definition due to go in force on 1 April 2026. We proposed to instead consider a more targeted approach to account for specific industry blocks or groups of firms where non-consumer complaints place a higher burden on the Financial Ombudsman's resource.

Minor amendments

3.48 We proposed:

- updating the VoP fee for small payment institutions (SPI) from a Category 2 fee to a Category 3 fee to ensure consistency across VoP and application fee rules for SPIs.
- removing an outdated provision in FEES that excluded firms from fee-block A.10 (firms dealing as principal) if they are limited to not acting solely as market makers.
- removing references to obsolete PRA returns.

3.49 In [CP25/33](#), we also sought views on 3 areas of fees policy, discussed below. This does not result in any changes to our FEES rules.

Section 166 costs for motor finance firms

3.50 In January 2024, we used our powers under section 166 of FSMA to undertake a skilled person review of historical motor finance discretionary commission

arrangement (DCA) sales across 10 lenders. These firms covered the costs of the skilled person review directly at a total cost of c.£12.48m.

- 3.51 In April 2025, we consulted ([CP25/7](#)) industry on whether the motor finance skilled person review costs paid by lenders should be rebated. In July 2025 ([PS25/8](#)), following supportive feedback from firms, we said that we would continue exploring options to rebate skilled person review costs.
- 3.52 In [CP25/33](#), we proposed rebating 100% of the skilled person review costs paid by relevant lenders and recovering them from motor finance lenders in scope of our proposed redress scheme. We also sought views on whether brokers should be included in our skilled person cost recovery proposals.
- 3.53 Given this approach would help to shape our policy for recovering the broader motor finance project costs, we also sought feedback on whether brokers should be included in future project cost recovery proposals.

Pro-rating fees for firms which cancel their permissions

- 3.54 When firms apply to cancel their permissions, they continue to pay their periodic fee for the financial year in which they applied. If they submit their application before 31 March, they pay no fee for the following year starting 1 April.
- 3.55 We proposed a quarterly pro-rating structure in order to provide a fairer approach for cancelling firms, with planned implementation by 1 April 2027.

Technical changes to the FPS

- 3.56 We proposed amending the [Financial Penalty Scheme \(FPS\)](#) to update outdated fee-block names.

How this links to our objectives

- 3.57 Our rules are not intended to directly advance our objectives, but the fees we collect fund the work we do to further them.
- 3.58 The amendments to the Handbook will indirectly advance our strategic objective of ensuring that the relevant markets function well, and our operational objectives. The amendments will also indirectly advance our secondary international competitiveness and growth objective.
- 3.59 The Compatibility Statement in [CP25/33](#) further explains how we considered our objectives and have regards when developing the above proposals.

Feedback and our response to proposed rule changes

- 3.60 We received no responses challenging or raising issues about several of our proposals and have made the final rules as consulted on. These are:
- PISCES periodic fee
 - DPC fees and levies

- PIs, RAISPs, and EMIs registration fee
- Invoicing due date for payments on account
- Minor amendments

FEES 5 – Retaining current ‘relevant business’ definition

- 3.61 All 9 responses supported our proposal to withdraw the planned change to the definition of ‘relevant business’ on 1 April 2026 and maintain the current definition. We are therefore proceeding with the proposal as consulted on.
- 3.62 We received feedback on some issues outside the scope of this consultation.
- 3.63 One respondent suggested the Financial Ombudsman should not have jurisdiction over complaints made by small to medium enterprises (SME). In [FS23/5](#), we explained that it was important that SMEs that do not have sufficient resources to challenge financial service firms through the legal system, have access to the Financial Ombudsman to resolve their disputes.
- 3.64 One respondent suggested that non-UK based complainants should not be able to refer their complaint to the Financial Ombudsman. UK regulation focuses on the conduct of UK-authorized firms and the protection of their customers, irrespective of a customer’s nationality or residence. This approach supports consumer protection, regulatory accountability, and confidence in the UK as a financial centre. If access to the Financial Ombudsman Service depended on customer residence or nationality, firms could target overseas consumers to avoid UK redress while still leveraging the credibility of UK regulation. Ensuring eligible customers worldwide can access the FOS prevents firms from ‘exporting risk’.
- 3.65 We may consult in future on a more targeted approach for specific industry blocks or groups of firms where evidence shows that non-consumer complaints place a materially higher burden on the Ombudsman Service’s resources. Any such proposals would be subject to consultation, internal governance approval and confirmation that any necessary changes to our reporting systems and processes can be implemented.

Feedback and our response to updates on fees policy

Skilled person review and project costs for motor finance firms – q1

- 3.66 We received 11 responses to our question on refunding skilled person review costs to the 10 lenders that paid and recovering them from a wider group of motor finance lenders. Four lenders and 2 trade bodies supported the proposals. Two lenders, 1 broker and 1 trade body opposed the proposals. We have summarised their responses below. One trade body representing brokers and lenders said that its members diverged sharply on whether skilled person review costs should be recovered from a broader population of lenders.

Fairness and proportionality

- 3.67 Several respondents said it would be inappropriate to recover skilled person review costs from firms that were not subject to the review, noting that skilled person reviews are normally paid for by the firms in scope. Respondents said the proposal would place a disproportionate burden on smaller lenders, including those whose business was not relevant to the review. Two respondents said firms subject to the skilled person review received direct benefits from it (skilled person reports and detailed engagement) and therefore it is not appropriate for other firms to contribute to those costs.

Retrospective charging

- 3.68 Several respondents said we had not previously outlined that skilled person review costs might be recovered more widely, giving firms no opportunity to budget or provision for them. Firms said this could set a precedent that encourages other firms to query or seek refunds for historical skilled person reviews.

Cost allocation

- 3.69 Several respondents said we had not explained how costs would be allocated in a fair or proportionate way and basing cost recovery on the proposed redress scheme is inappropriate as the scheme is still under consultation.

Legal powers and transparency

- 3.70 One firm said we should provide full transparency on the skilled person costs so firms can understand what work they are being asked to fund. They also said we should explain the legal basis for charging other firms skilled person review costs.

Our response

- 3.71 We outlined in [CP25/7](#), [PS25/8](#) and [CP25/33](#) that we were considering rebating the motor finance skilled person review costs to firms. The skilled person review was central to identifying the scale and nature of issues across the motor finance sector and informing our subsequent review and policy proposals. Given its sector-wide impact, we consider it appropriate that the cost of the review is shared across the motor finance sector rather than being borne solely by 10 lenders. Further, our analysis shows that the 10 skilled person review firms will contribute a higher share of wider project costs than other motor finance fee-payers. We believe it would be inequitable for them to bear both the full skilled person review costs and their proportion of the wider project costs.

- 3.72 Given the broadly supportive feedback, we will proceed with our proposal to rebate the £12.48m skilled person review costs to the 10 lenders that paid them. We will outline how we propose to implement this in our 2027 March Fee-Rates CP and expect to begin recovering costs from variable fee-payers only, from July 2027.

Skilled person review and project costs for motor finance firms – q2 and q3

- 3.73 We received 14 responses to our second question asking stakeholders whether we should also recover skilled person review costs from brokers. Seven lenders and 1 trade body supported the proposals. Three brokers and 2 trade bodies representing brokers opposed the proposals. We have summarised their responses below.
- 3.74 We received 12 responses to our third question asking stakeholders whether both lenders and brokers should contribute towards our motor finance project costs more widely. Six lenders and 1 trade body supported the proposals. Three brokers and 2 trade bodies representing brokers opposed the proposals. We have also summarised their responses below.
- 3.75 For both questions, 1 trade body representing brokers and lenders said that its members diverged sharply on whether brokers should be included in skilled person review and project cost recovery.

Brokers were not in scope and had no influence over costs or outcomes

- 3.76 Several respondents said brokers were not subject to the skilled person review and had no control over the scope, conduct or cost of the review. One respondent said requiring brokers to contribute retrospectively could place an unfair financial burden on them.
- 3.77 Several respondents said brokers did not design DCA models, could not control lender frameworks and should not be asked to fund a project focused on lender behaviour.

Cost recovery from brokers would be disproportionate and harmful

- 3.78 Several respondents said brokers have already incurred significant operational burden and costs in supporting lenders with skilled person review data requests despite not being in scope. Respondents also said the proposal would disproportionately affect small brokers and lenders, many of whom never used DCAs, risking further financial strain.
- 3.79 One respondent said we should not use regulatory turnover as a tariff base measure to calculate project and skilled person review cost contributions.
- 3.80 One respondent said brokers already contribute through FCA regulatory fees funding ongoing supervision, making additional project cost fees disproportionate.

Policy concerns

- 3.81 One respondent said any future proposal for brokers to contribute to wider motor finance project costs should be consulted on separately.

Additional data needs

- 3.82 Two respondents asked whether additional reporting would be required to include brokers. They said the FCA should already have enough information to identify in-scope firms.

Our response

- 3.83 Brokers played a part in the failings identified in [our motor finance review](#) and we confirmed this in our consultation on the proposed [redress scheme](#). Given this and the broadly supportive feedback received, we believe targeting project and skilled person review costs to both motor finance brokers and lenders that arranged agreements covered by the redress scheme is the fairest approach to cost recovery.
- 3.84 We will set out our proposed approach to implementing this and the project and skilled person review costs in our 2027 March Fee-Rates consultation. Over the next year, we will continue work to identify in-scope motor finance brokers and, where necessary, may request additional data from certain firms to ensure costs are allocated fairly across the sector.
- 3.85 To avoid placing burden on the smallest firms, only variable fee-payers with more than £250,000 of regulated consumer credit income per year will contribute towards cost recovery.

Pro-rating fees for firms which cancel their permissions

- 3.86 We received 6 responses supporting our proposal, with 1 respondent asking if we could pro-rate fees monthly.
- 3.87 Our analysis shows that pro-rating on a daily or monthly basis will have minimal benefit and require significant FCA resources to administer. We consider quarterly pro-rating is the most proportionate approach.
- 3.88 Given the broad support, will proceed with our proposal. We will consult on rule changes in our 2026 November Fees Policy CP and implement them by 1 April 2027.

Cost benefit analysis

- 3.89 Under FSMA section 138I(6), the FCA is generally exempt from carrying out a cost benefit analysis (CBA) in relation to making fees rules.
- 3.90 The proposed minor clarification to FEES 6 is not covered by the exemptions in section 138I(6) FSMA. However, we concluded that, in accordance with

section 138L FSMA, any increases in costs would be of minimal significance. The proposals create no new obligations for firms, should not add to their administrative burden and should not impact the levy amounts required from firms in affected classes.

Equality and diversity statement

- 3.91 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.

Rule Review Framework

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

CP25/13: Complaints Reporting Instrument 2026

Background

- 3.93 In December 2025, we published our final proposals on making improvements to the complaints reporting process ([Policy Statement \(PS\) 25/19](#)). We set out the changes we intend to make so that regulated firms report their complaints to us, at a 6-monthly frequency using a new consolidated complaints return. The first reporting period using the new return is 1 January 2027 to 30 June 2027. We also set out other changes we are making, from 1 January 2027, including removing group reporting, simplifying how nil complaints are reported, and an updated complaints taxonomy against which firms will report.

Summary of proposal

- 3.94 [PS25/19](#) included a further consultation question on our final proposal for all firms to report complaints from customers identified as in vulnerable circumstances using four data points. While [PS25/19](#) applied this to the DISP 1 and CCR parts of the new complaints return, our intention is that all regulated firms report this information. Our [PS25/19](#) consultation question asked for views on extending the requirement to payment services, funeral plan provider and CMCs firms to make this clear and ensure a robust process.
- 3.95 The data points we expect these firms to report on are:
- complaints opened by consumers identified as vulnerable;
 - complaints closed by consumers identified as vulnerable;
 - complaints opened that relate to a firm's failure to consider or respond appropriately to a consumer's vulnerability; and
 - complaints closed that relate to a firm's failure to consider or respond appropriately to a consumer's vulnerability.

How this links to our objectives

- 3.96 Our aim for all regulated firms to report these data points seeks to help us deliver effective, data-led improvements to complaints reporting, supporting further consistency in reporting and our objective to be a Smarter Regulator. The insight we receive from this data will help both us and firms identify, prioritise and address harm more effectively, ensuring that customers in vulnerable circumstances receive fair outcomes.
- 3.97 More broadly, these changes support our work to modernise the redress system and aligns with improving certainty and confidence in the redress system for firms and customers.
- 3.98 Collecting the additional data points will not add to firm burden; our [Vulnerability Guidance](#) sets out how firms should identify these customers and we expect all firms to already be collecting this data to comply with our expectations under the Consumer Duty.

Feedback

- 3.99 We received 11 responses to our [PS25/19](#) consultation question on collection of customer vulnerability data by Payment Services, Funeral Plans and CMC firms. None disagreed with our intended approach. Some respondents sought further clarity around making these further changes:
- Ensuring the changes are implemented proportionately, giving smaller firms with fewer resources sufficient time to adjust internal systems and processes and providing all firms with adequate time and support to implement the planned changes, including giving firms opportunities to test the new return and give their feedback before it goes live from 1 January 2027.
 - Defining who is vulnerable – the end consumer or the complainant – so that reporting is more accurate, especially if these are different people. Also, recognising that vulnerability can be a temporary state and some products, by their nature, may have a higher proportion of vulnerable customers, such as funeral plans.
 - Recognising that different firm types have different complaint profiles which may affect the consistency of the vulnerable customer data reported to us. CMCs may have a different profile from retail banks or insurance companies which is dependent on when the complaint is made and who it is made by.
 - Ensuring the FCA Handbook is consistent in how it reflects the new data points to be reported by firms and that this consistency is also reflected in the look of the new return.

Our response

- 3.100 We welcome respondents' broad support for our proposals and will go ahead as consulted on.

3.101 Regarding specific areas of clarity some respondents sought, our views are as follows:

- *Scope and definition of vulnerability data points* – we recognise firms' focus on getting this right. [FG21/1](#) provides existing guidance to help ensure consistency when identifying which complaints to report, and firms should already be collecting this data to comply with our expectations under the Consumer Duty. As confirmed in [PS25/19](#), the data we collect in this return will not be published
- *A sector's characteristics may affect reporting* – some respondents, representing the funeral plans sector, noted that their products could result in almost all customers being classed as vulnerable, limiting the value of the data. [PS25/19](#) addresses this where we say complaints are to be reported split across pre-redemption and post-redemption periods. A customer buying a funeral plan may be vulnerable at purchase or when complaining (pre-redemption), while a plan holder's next of kin may be vulnerable when complaining after the plan holder's death (post-redemption)
- *Proportionate changes based on firm size* – we recognise that firms will vary in how much work they need to do to transition to the new complaint reporting requirements. We will keep to the timeline already set out but will support firms in resolving any implementation issues. We plan to test the new return with a broad and representative group of firms to understand their user experience and refine the design ahead of go-live on 1 January 2027.
- *Consistency issues between the new return and the FCA Handbook* – we are making a few further appropriate changes to the Handbook rules where we identified discrepancies between the reporting metrics set out in [PS25/19](#) and in the Handbook and to add clarity to those rules.

Cost benefit analysis

3.102 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. We consulted on the costs and benefits of our proposals in [Consultation Paper \(CP\) 25/13](#) and published an updated CBA in [PS25/19](#). We do not believe that our further changes and clarifications will add costs for firms. The CBA remains unchanged.

Equality and diversity statement

3.103 We 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 our further consultation.

Rule Review Framework

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

CP25/35: Reporting (Administrative Fees) Instrument 2026

Background

- 3.105 Firms often submitted returns late, and this created extra work for us. We introduced a £250 administrative fee over 20 years ago. This fee helped us recover the costs of managing low compliance levels.
- 3.106 Since then, firms have improved their reporting performance from 60% to 94%. We also upgraded our processes and tools to support this. These changes included the [My FCA portal](#) and automated reminders.
- 3.107 These improvements reduced the time and cost we spend chasing late returns. Lower costs now support updating the fee. This helps us ensure the fee reflects our current operating needs.

Summary of proposals

- 3.108 In [Chapter 3 of Consultation Paper \(CP\) 25/35](#), we proposed to reduce the administrative fee for all overdue or late regulatory data returns from £250 to £100. This change is due to the reduced cost to the FCA of following up late returns. We are passing the efficiencies onto firms.
- 3.109 Firms of all sizes will benefit from the proposals. Smaller firms gain particular value because they are more sensitive to fixed administrative costs. The reduction should also lead to fewer complaints, fewer waiver requests and fewer queries.
- 3.110 The existing measures we have in place will continue to support firms. These include reminder emails, improvements to the [My FCA portal](#) and proactive supervisory outreach. These measures already make the process simpler for firms.
- 3.111 The change will reduce fee revenue. However, the fee exists to cover processing costs and not to generate income. The reduction keeps the regime proportionate while maintaining clear expectations on timely reporting.

How this links to our objectives

- 3.112 The proposals support market integrity by reinforcing the need for timely and accurate data. High quality data helps us identify risks early. This supports confidence in UK financial markets.
- 3.113 Reducing the fee keeps the regime proportionate and maintains clear incentives for firms. It reflects the lower cost of processing late returns. It also avoids placing unnecessary burdens on firms.
- 3.114 The proposals support our secondary competitiveness and growth objective. A proportionate fee helps create a more efficient regulatory environment. This supports a stable system that enables firms to grow and compete internationally.

Feedback

- 3.115 We received 11 responses to our proposal in [CP25/35](#). Nearly all respondents supported the proposal to reduce the administrative fee for late regulatory returns from £250 to £100. Many firms welcomed the change as a more proportionate and fair reflection of the FCA's reduced administrative costs. Several respondents noted that the lower fee aligns better with the purpose of cost recovery and avoids creating an unnecessary burden, especially for smaller or specialist firms. They also felt the revised fee strikes the right balance between encouraging timely submissions and ensuring the regime remains pragmatic.
- 3.116 Trade bodies, including those representing intermediaries, also supported the proposal. They confirmed they would continue to reinforce the importance of timely reporting among their members. Respondents highlighted that the reduction should lead to fewer waiver requests, fewer complaints and smoother interactions with supervisory teams. Many said that the FCA's system improvements helped justify the revised fee. Overall, respondents agreed that the proposed change supports a clearer, fairer and more efficient approach to managing late submissions.
- 3.117 One respondent did not support the reduction of the late submission fee. They were concerned that a lower fee could weaken incentives for firms to submit their regulatory returns on time. The respondent felt that the existing level of £250 provided a stronger deterrent and helped reinforce timely reporting. They also asked the FCA to ensure that firms continue to understand the importance of meeting deadlines, even if the fee is reduced.

Our response

- 3.118 We recognise the importance of maintaining strong incentives for compliance. However, the evidence shows that compliance levels have risen significantly over the past 2 decades and remain high. So, we consider the proposed fee level to be more aligned to the actual cost of processing late submissions. We will continue to monitor compliance rates closely. If compliance rates fall and our cost to chase overdue returns rises, we may change the administration fee again.
- 3.119 We intend to proceed with the changes to the rules as consulted on. The late fee will apply to returns that missed submission deadline. We may use our enforcement powers against firms that are repeatedly overdue with their returns. We remind firms that this is a breach of our Threshold conditions.

Cost benefit analysis

- 3.120 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 [Chapter 3 of CP25/35](#), 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

- 3.121 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.

Rule Review Framework

- 3.122 We have considered our duties under the Rule Review Framework and consider that these changes do not require ongoing monitoring.

CP25/35: Data Decommissioning Instrument 2026

Background

- 3.123 Our review of regulatory data showed that some returns no longer support our supervisory needs. We also identified reporting overlaps that place avoidable burdens on firms. To support effective supervision while reducing unnecessary burden, we need to streamline our data collection. These findings underpin our work through the Transforming Data Collection (TDC) programme.
- 3.124 We want reporting to remain proportionate, clear and focused on essential information. Redundant returns and duplicated requirements undermine this aim and add unnecessary cost. Updating the Handbook ensures our data requests stay targeted while reducing burden without weakening oversight.

Summary of proposals

- 3.125 In Chapter 2 of [Consultation Paper \(CP\) 25/35](#), we proposed to remove the REP021a, REP021b and REP021d returns because we have now determined that the data is no longer needed. This change reduces unnecessary reporting and lowers compliance effort for insurers and intermediaries.
- 3.126 We also proposed to reduce the FIN073 reporting frequency for firms that also submit RMA-A and have a revenue of £150m or less. This reduces duplicated reporting and eases workload for around 11,000 firms. Larger firms will continue quarterly reporting so we can monitor for potential resilience risks that could affect consumers and markets.
- 3.127 The changes will come into effect on 1 April 2026. We expect the technical changes to be implemented shortly after that.

How this links to our objectives

- 3.128 These proposals support market integrity by ensuring we collect only data that remains necessary for supervision. Removing outdated returns helps us focus on real risks and maintain effective oversight. Keeping quarterly FIN073 reporting for larger firms preserves timely insight into potential market impacts.

- 3.129 The proposals also help us become a smarter regulator. Streamlined reporting reduces noise, improves data quality and supports faster regulatory analysis. Targeted data collections allow us to use firm information more efficiently.
- 3.130 The changes support international competitiveness and growth by reducing unnecessary reporting burden. Lighter, more proportionate requirements help firms operate more efficiently and manage compliance costs. This encourages a regulatory environment that supports innovation and sustainable growth.

Feedback and our response

The proposal to decommission REP021a, REP021b and REP021d

- 3.131 All 10 respondents supported removing REP021a, REP021b and REP021d. They agreed these returns no longer provide useful supervisory value. Some respondents asked why the full REP021 suite was not included in this proposal. Others highlighted duplication within the remaining reports and asked for broader streamlining in future reviews. Several respondents raised operational issues within REP021c and REP021e. These included unnecessary total-fields, system limitations and unclear reporting instructions.
- 3.132 We welcome the strong support for removing the proposed returns. We recognise concerns about the wider REP021 suite. We will consider these points in future phases of the data reviews in the TDC programme. We intend to proceed with the changes to the rules as consulted on.

The proposal to reduce FIN073 to annual reporting

- 3.133 All 9 respondents generally supported reducing FIN073 to annual reporting for firms with revenue less than or equal to £150m. Some respondents said the current deadline is difficult for smaller firms relying on external accountants. This could lead to them receiving a late return admin fee. They asked for a longer submission window, suggesting an increase from 20 to 30 working days. Several respondents reported receiving FIN073 and RMA-A requests at the same time, creating confusion. Another respondent suggested including full permission credit brokers in scope to align them with other intermediaries.
- 3.134 We intend to move to annual reporting for firms in scope to reduce their burden. We also accept the concerns about the submission window and will increase that to 30 business days for all firms that submit FIN073, whether that is annually or quarterly.
- 3.135 Both FIN073 and RMA-A are scheduled based on a firm's accounting reference date. This means that both are scheduled at the same time. Firms that move to submitting FIN073 annually will see this less frequently than currently.
- 3.136 We expect most firms should see fewer issues with receiving FIN073 and RMA-A at the same time. We do not plan to extend the scope of FIN073.

Cost benefit analysis

- 3.137 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 [CP25/35](#), 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.
- 3.138 Following feedback, we have reviewed the cost estimates included in Chapter 3 of [CP25/16](#), published in June 2025. We found that it included savings from returns that were not part of those proposals. This meant that our reported savings were overstated and did not solely reflect the proposals in that consultation. Some of the savings related to potential future REP021 changes had also been included. The correct estimated savings are in the region of £6 million.
- 3.139 We have now strengthened our internal process to prevent this arising again.

Equality and diversity statement

- 3.140 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.

Rule Review Framework

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

CP25/37: Collective Investment Schemes Sourcebook (Concentration Limits) (No 2) Instrument 2026

Background

- 3.142 In [CP25/37](#), we consulted on simplifying the investment powers of UK UCITS schemes. Specifically, we proposed removing parts of the COLL 5.2.29R (the 'concentration rule') restricting how much a UK UCITS can invest in units of other collective investment schemes (CIS).
- 3.143 Many UK UCITS operate 'fund of funds' structures, where an 'investing fund' invests in units of a 'target fund.' These terms are used throughout this chapter.

- 3.144 The limit on UK UCITS' investment in other CIS is set out in COLL 5.2.29R(3) and (6). In January 2025, following consultation in [CP24/11](#), we changed this rule in [Handbook Notice 126](#) and [Collective Investment Schemes Sourcebook \(Concentration Limits\) Instrument 2025 \(FCA 2025/1\)](#). We clarified that the threshold of 'more than 25% of the units' refers to the value of the target fund's scheme property, not the number of units. This change took effect on 31 January 2025 with a 12-month transitional period.
- 3.145 After finalising this change, we received feedback saying that applying the 25% limit on a value of scheme property basis could cause issues when target funds have units of different sizes. This could happen when funds have different sizes of units for institutional and retail investors.
- 3.146 In a case like this, an investing fund may hold fewer than 25% of the target fund's units (and associated voting rights) but more than 25% of the fund's units on a value basis. Firms said this could force redemptions by the investing fund from the target to stay within the limit.
- 3.147 Following consultation in [CP25/35](#), we extended the transitional period for this change until 31 January 2027 to allow time for us to review this part of the investment limits set by the concentration rule given the feedback we received. The feedback was published in [Handbook Notice 137](#).

Summary of proposals

- 3.148 We propose removing the investment limit in COLL 5.2.29R(3), which restricts how much a UK UCITS can invest in units of another CIS. This part of the concentration rule aim to prevent excessive exposure to a single target fund, which could reduce diversification, create liquidity risks during redemptions or suspensions, and allow an investing fund to exert undue influence, for example through voting rights or by creating risks of double charging entry or exit fees.
- 3.149 We consider that other FCA Handbook provisions already address these harms. Deleting COLL 5.2.29R(3) will also give AFMs greater flexibility when structuring fund-of-fund arrangements. COLL 5.2.29R(6), 5.2.29AR and COLL TP 66 and 67, which relate to COLL 5.2.29R(3) will also be deleted.

How this links to our objectives

- 3.150 Removing this part of the concentration rule advances the FCA's strategic objective of ensuring that markets function well, by helping to prevent a situation where investing funds would have to redeem at short notice from target funds. Deletion of the rule also advances our operational objective of consumer protection, by ensuring that investors do not end up holding units in funds that may otherwise have needed to suspend or wind down due to difficulties in complying with these requirements. It also advances our competition objective by ensuring that a wide range of funds remain available to investors.

3.151 We are satisfied that deleting this part of the concentration rule advances our international competitiveness and growth objective. Removing this rule ensures that AFMs of UK UCITS can direct compliance efforts proportionately and efficiently.

Feedback

3.152 We received 5 responses to Chapter 3 of [CP25/37](#). All respondents agreed with our proposal to delete the part of the concentration rule that sets limits on UK UCITS' investment in other CIS. Some noted difficulties complying with our previous rule change where UK UCITS invest in funds with institutional unit classes that are higher in value than retail classes.

3.153 Many respondents said other provisions in the FCA Handbook already address the issues this part of the concentration rule is intended to manage, including ensuring adequate diversification and preventing an investing fund from exercising undue influence over a target fund.

3.154 Some respondents also welcomed the simplification to the Handbook from removing a rule that duplicated existing provisions.

Our response

3.155 Following feedback, we are removing COLL 5.2.29R(3) and (6) and COLL 5.2.29AR as consulted on.

3.156 We consider that existing rules in COLL already cover both excessive concentration risk and risks linked to undue influence.

3.157 In addition, the risk management requirements in COLL 6.11 and 6.12, the client's best interest rule in the Conduct of Business sourcebook (COBS), and the rules on identifying, preventing and managing conflicts of interest in Senior Management Arrangements, Systems and Controls (SYSC), all apply to authorised fund managers.

3.158 In the [Collective Investment Schemes Sourcebook \(Concentration Limits\) Instrument 2026 \(FCA 2026/1\)](#), we extended the transitional period for the changes to COLL 5.2.29R(3) until 31 January 2027. As we are deleting COLL 5.2.29R(3), we will also delete the transitional provisions (COLL TP 66 and 67) at the same time. We did not consult on the deletion of the transitional provisions but this change is not 'significant' for the purposes of section 138I(5) FSMA and does not have an impact on the compatibility statement in the consultation paper. We are satisfied the deletion of parts of the COLL concentration rule and the related transitional provisions will not have a significant impact on mutual societies compared with other authorised persons.

Cost benefit analysis

- 3.159 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. We consulted on the costs and benefits of our proposals in [CP25/37](#). We do not believe that our proposed changes and clarifications will alter the costs and benefits for firms. The CBA in [CP25/37](#) remains unchanged.

Equality and diversity statement

- 3.160 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.

Rule Review Framework

- 3.161 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

- 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 handbook.fca.org.uk/instruments. 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 at handbook.fca.org.uk/home. A print version of the Handbook is available at finreg-e.com/fca-handbook-print-and-subscription-service.
- 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 fulfils 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).

Annex

List of non-confidential respondents

We are required by section 138I(4A) of the Act to include a list of the names of respondents to rules consultations where the respondent has consented to the publication of their name. This annex lists the names of consenting respondents for consultations where those names are not otherwise listed in a separate consultation response document.

CP25/35: Prospectus Rules (Miscellaneous Amendments) Instrument 2026

A&O Shearman

GlobeNewswire

CP25/33: Application, Periodic and Other Fees (2026/2027) Instrument 2026

Association of Mortgage Intermediaries

Consumer Credit Trade Association

Credit Services Association

The Finance and Leasing Association

Lloyd's Market Association

Simplybiz Services

Zopa

Zuto

CP25/13: Complaints Reporting Instrument 2026

Pure Cremation Funeral Planning Limited

The Investing and Saving Alliance (TISA)

Leeds Building Society

First Data Europe Ltd

The Association of Mortgage Intermediaries and The Association of Finance Brokers

Co-op Funeral Plans Limited

The Claims Management Association

Hargreaves Lansdown

Santander UK

Barclays Bank plc

CP25/35: Reporting (Administrative Fees) Instrument 2026

Alexander Phillips, Plus500UK Ltd

Bryan Lock, UBT

Lucy Donovan, Consumer Credit Trade Association

Christie-Jay Welburn, Markerstudy Group Insurance

Sandy McGregor, SimplyBiz Services Limited

British Insurance Brokers' Association

Association of Mortgage Intermediaries

Lloyd's Market Association

CP25/35: Data Decommissioning Instrument 2026

Bryan Lock, UBT

Christie-Jay Welburn, Markerstudy Group Insurance

Barry Cridland, BCC&FM Co. Ltd.

Sandy McGregor, SimplyBiz Services Limited

Lloyd's Market Association

British Insurance Brokers' Association

Association of Mortgage Intermediaries

***CP25/37: Collective Investment Schemes Sourcebook (Concentration Limits)
(No 2) Instrument 2026***

AJ Bell

Investment Association

UBS Asset Management

UK Depository Association (UKDA)

Handbook Notice 139

This Handbook Notice describes the changes to the Handbook and other material made by the Financial Conduct Authority (FCA) Board and the FCA's Executive Regulation and Policy Committee under their legislative and other statutory powers on 26 February 2026, 23 March 2026 and 26 March 2026.

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: 0207 066 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

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