FINANCIAL CONDUCT AUTHORITY

Handbook Notice No 144

September 2026

Contents

1 Overview

Legislative changes

1.1 On 30 July 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
CP25/32	Markets in Financial Instruments (Record Keeping, Transaction Reporting and Financial Instrument Reference Data) Instrument 2026	FCA 2026/52	3 April 2028
CP26/14	Changes to Information Flows for UK Equity IPOs Instrument 2026	FCA 2026/53	5 August 2026
CP25/38	Collective Investment Schemes Sourcebook (Liquidity Management) Instrument 2026	FCA 2026/54	1 February 2027

1.2 On 11 September 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
CP26/13	Perimeter Guidance (Regulated Cryptoasset Activities) Instrument 2026	FCA 2026/55	16 September 2026 25 October 2027

1.3 On 24 September 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
CP26/17	Collective Investment Schemes Sourcebook (Cryptoasset Exchange Traded Note) Instrument 2026	FCA 2026/57	28 September 2026
CP25/33 CP26/11 CP26/17	Cryptoasset Activities (Periodic and Application Fees) Instrument 2026	FCA 2026/58	30 September 2026 25 October 2027
CP26/17	Disclosure of Climate-Related Financial Information (Asset Manager and Asset Owner) (Amendment) Instrument 2026	FCA 2026/59	25 September 2026
CP26/17	Financial Promotion (Notification of Cryptoasset Approval) Instrument 2026	FCA 2026/60	1 October 2026

CP	Title of instrument	Instrument No	Changes effective
CP26/19	Decision Procedure and Penalties Manual (Cryptoassets) (Amendment) Instrument 2026	FCA 2026/61	30 September 2026 25 October 2027
CP26/17	Data Decommissioning (No 2) Instrument 2026	FCA 2026/62	1 October 2026
CP25/39	Pensions Projections Exemption Instrument 2026	FCA 2026/63	25 September 2026
CP25/39	Conduct of Business (Interactive Pension Simulations) Instrument 2026	FCA 2026/64	25 September 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		
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 30 July 2026, 11 September 2026 and 24 September 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.

Markets in Financial Instruments (Record Keeping, Transaction Reporting and Financial Instrument Reference Data) Instrument 2026

2.2 Following consultation in CP25/32, the FCA Board has made changes to the following Handbook sections:

Glossary of definitions
SUP 17A.1 and 17A.2

2.3 The FCA Board also inserted the following new chapters:

MAR 13, 14 and 15

2.4 In summary, this instrument makes changes to the scope, content and operation of the transaction reporting regime. The rules are designed to simplify firms' reporting obligations, reduce duplicative or low-value reporting and improve consistency in how key fields are populated.

2.5 This instrument comes into force on 3 April 2028. Feedback is published in a separate policy statement.

Changes to Information Flows for UK Equity IPOs Instrument 2026

2.6 Following consultation in CP26/14, the FCA Board has made changes to the following Handbook sections:

COBS 11A.1, 12.2 and Sch 1

2.7 In summary, this instrument updates our rules on information sharing during UK equity initial public offerings (IPOs) to reduce market risk and frictions in the UK IPO process for issuers and market participants.

2.8 This instrument came into force on 5 August 2026. Feedback is published in a separate policy statement.

Collective Investment Schemes Sourcebook (Liquidity Management) Instrument 2026

2.9 Following consultation in CP25/38, the FCA Board has made changes to the following Handbook sections:

Glossary of definitions
COLL 4.2, 5.1, 5.2, 6.3, 6.6, 6.12 and TP 1
FUND 3.6

2.10 The FCA Board also inserted the following new annexes:

COLL 6 Annex 5 and COLL 6 Annex 6

2.11 In summary, this instrument makes targeted improvements to the liquidity risk management framework for authorised fund managers (AFMs) of UK Undertakings for Collective Investment in Transferable Securities (UCITS) schemes and non-UCITS retail schemes. The changes promote the effective use of anti-dilution tools, clarify good practice for AFMs' assessment of the liquidity of securities held in funds, and introduce new guidance on stress testing.

2.12 This instrument comes into force on 1 February 2027. Feedback is published in a separate policy statement.

Perimeter Guidance (Regulated Cryptoasset Activities) Instrument 2026

2.13 Following consultation in CP26/13, ERPC made changes to the following Handbook sections listed below:

CRYPTOPRU 4.10
PERG 1.2, 1.4, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2 Annex 1, 2 Annex 2, 8.7, 8.14, 8.21, 8.23, 8.25, 8.32, 8.33, 8.34 and 8.36

2.14 ERPC also inserted the following new chapters:

PERG 18 and PERG App 1

2.15 In summary, this instrument sets out perimeter guidance for the UK's future crypto regime. Crypto firms will be able to start applying for authorisation from September 2026, in line with the perimeter set by the legislation. Our perimeter guidance helps firms understand when authorisations will be required.

2.16 Part 1 of Annex B to this instrument came into force on 16 September 2026. The remainder of this instrument comes into force on 25 October 2027. Feedback is published in a separate policy statement.

Collective Investment Schemes Sourcebook (Cryptoasset Exchange Traded Note) Instrument 2026

2.17 Following consultation in CP26/17, the FCA Board has made changes to the following Handbook sections:

COLL 5.2, 5.6, 5.7 and 15.6

2.18 In summary, this instrument makes changes to the Handbook to allow certain authorised funds to hold cryptoasset exchange traded notes to a limit of 10% of scheme property for retail funds.

2.19 This instrument comes into force on 28 September 2026. Feedback is published in Chapter 3 of this notice.

Cryptoasset Activities (Periodic and Application Fees) Instrument 2026

2.20 Following consultation in CP25/35, CP26/11 and CP26/17, the FCA Board has made changes to the following Handbook sections:

FEES 3.2, 3 Annex 1, 4.2, 4 Annex 1A, 4 Annex 2A, 4 Annex 11A, 4 Annex 13 and 5 Annex 1

2.21 The FCA Board also inserted the following new transitional provisions:

TP 24

2.22 In summary, this instrument sets out the fees firms with cryptoasset regulated activities permissions will pay to fund the FCA and the Financial Ombudsman Service.

2.23 This instrument comes into force on 30 September 2026, except for Part 2 of the Annex which comes into force on 25 October 2027. Feedback is published in Chapter 3 of this notice.

Disclosure of Climate-Related Financial Information (Asset Manager and Asset Owner) (Amendment) Instrument 2026

2.24 Following consultation in CP26/17, the FCA Board has made changes to the following Handbook sections:

Glossary of definitions
ESG 1.1, 1.2, 2.1, 2.2, 2.3, 4.3, 5.4, 5.5 and TP 1
COLL 4.5, 8.3 and 15.5

2.25 In summary, this instrument simplifies our Task Force on Climate-related Financial Disclosures product-level reporting requirements for asset managers, life insurers and FCA-regulated pension providers in the ESG sourcebook, following a review of the rules in 2025. It introduces more targeted climate disclosure rules that reduce complexity and burden for firms, while improving the clarity and usability of climate information for retail and institutional investors.

2.26 This instrument comes into force on 25 September 2026. Feedback is published in Chapter 3 of this notice.

Financial Promotion (Notification of Cryptoasset Approval) Instrument 2026

2.27 Following consultation in CP26/17, the FCA Board has made changes to the following Handbook section:

SUP 16.31

2.28 In summary, this instrument makes changes to the Handbook to reduce the burden on both firms and the FCA by removing the requirement to submit notifications for most approvals of cryptoasset promotions. Evidence from notifications received over the past 2 years shows that the vast majority of approved cryptoasset promotions are compliant with our rules.

2.29 This instrument comes into force on 1 October 2026. Feedback is published in Chapter 3 of this notice.

Decision Procedure and Penalties Manual (Cryptoassets) (Amendment) Instrument 2026

2.30 Following consultation in CP26/19, the FCA Board has made changes to the following Handbook sections:

Glossary of definitions
DEPP 2.5, 2 Annex 1 and 6.5C

2.31 In summary, this instrument makes minor and consequential amendments to DEPP and the Glossary arising from the introduction of the market abuse regime for cryptoassets via the Cryptoassets Regulations. The amendments apply the FCA's existing market abuse penalty framework to cryptoasset market abuse, and identify the FCA decision-makers responsible for exercising powers under the savings and transitional provisions of the Cryptoassets Regulations.

2.32 Part 1 of Annex B of this instrument comes into force on 30 September 2026. The remainder of this instrument comes into force on 25 October 2027. Feedback is published in Chapter 3 of this notice.

Data Decommissioning (No 2) Instrument 2026

2.33 Following consultation in CP26/17, the FCA Board has made changes to the following Handbook sections:

SUP 16.12, 16 Annex 53R and 16 Annex 54G

2.34 In summary, this instrument simplifies the scheduling rule for Section M of the Retail Mediation Activity Return. It also clarifies guidance notes for firms completing the FIN073 return.

2.35 This instrument comes into force on 1 October 2026. Feedback is published in Chapter 3 of this notice.

Pensions Projections Exemption Instrument 2026

2.36 Following consultation in CP25/39, the FCA Board has made changes to the following Handbook section:

COBS 13 Annex 2

2.37 In summary, this instrument makes changes to the Handbook to allow pension providers to include extra retirement projections in pension annual benefit statements, without needing to engage with us on a modification by consent. This aims to encourage more firms to provide this helpful information for consumers.

2.38 This instrument comes into force on 25 September 2026. Feedback is published in Chapter 3 of this notice.

Conduct of Business (Interactive Pension Simulations) Instrument 2026

2.39 Following consultation in CP25/39, the FCA Board has made changes to the following Handbook section:

Glossary of definitions
COBS 1 Annex 2, 13.5, TP 2 and Sch 1
PDCOB 12.5

2.40 The FCA Board also inserted the following new sections:

COBS 19.13 and 19 Annex 7

2.41 In summary, this instrument makes changes to the Handbook to enable firms to provide digital interactive pension simulation tools that support consumer understanding and engagement with pensions and retirement planning. The rules also include appropriate safeguards to protect consumers from potential risks, such as misleading information. This complements wider initiatives to support consumer decision-making, including targeted support and pensions dashboards.

2.42 This instrument comes into force on 25 September 2026. Feedback is published in Chapter 3 of this notice.

3 Consultation feedback

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

CP26/17: Collective Investment Schemes Sourcebook (Cryptoasset Exchange Traded Note) Instrument 2026

Background

3.2 In Chapter 5 of Consultation Paper (CP) 26/17, we proposed to provide greater flexibility to certain authorised funds to hold exchange traded notes (ETNs) referencing cryptoassets (cETNs). The proposed changes followed our decision to lift our prohibition on the sale, distribution and marketing of certain cETNs to retail consumers from October 2025.

3.3 As with the changes for direct marketing of cETNs to retail investors, our proposals in respect of authorised funds reflected the evolving market and regulatory regime for cETNs. We want the range of investments available to retail authorised funds, as diversified products with professional investment and risk management, to remain consistent with contemporary asset classes available directly to retail investors.

Summary of proposals

3.4 In CP26/17, we proposed to lift an existing effective prohibition on the holding of cETNs by authorised funds, applied through our authorisation channels, and introduce new rules to set out the ability of each specific category of authorised fund to do so:

- UK undertakings for collective investment in transferable securities (UCITS) schemes and most non-UCITS retail schemes (NURS) – a maximum of 10% of scheme property in cETNs
- Long-term asset funds (LTAF) and NURS operating as fund of alternative investment funds (FAIFs) – we proposed to prevent such funds holding cETNs as we do not consider cryptocurrencies to be consistent with the investment objectives of these products
- Qualified investor schemes (QIS) – no limit, as these funds can only be sold to professional clients and sophisticated investors

3.5 In all cases where investment would be permitted, this must be consistent with the disclosed investment objectives and risk profile of a given fund.

3.6 We do not believe it would be appropriate to allow UCITS schemes and NURS to have significant exposure to cETNs at the current time given the speculative nature of the underlying cryptoassets.

3.7 Our proposal would allow UCITS and NURS to hold cETNs:

- traded on UK recognised investment exchanges (RIEs) and
- traded or dealt on other EU and global markets that:
  - comply with our existing 'eligible markets' tests for authorised fund assets and
  - meet our broader requirements for fund assets.

3.8 We also set out our expectations for due-diligence and investor disclosures, including in consumer-facing documents and marketing material. We did not propose a prescribed risk warning for authorised funds holding cETNs, given our proposal to limit the levels of exposure in retail products. We set out our view that, due to the specific nuances of cryptoassets, we believe that possible, or intended, exposure to cETNs beyond a genuine de minimis level would constitute a relevant feature of the strategy of a UCITS scheme or NURS.

How this links to our objectives

3.9 The amendments advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers.

3.10 We consider the requirements applicable to firms operating authorised funds – including on diversification, the requirement to provide a prudent spread of risk, and ensure the assets held by a fund are consistent with its disclosed objectives and risk profile, including under our financial promotion rules and the Consumer Duty – will promote an appropriate degree of consumer protection.

3.11 The proposals will promote effective competition in the interests of consumers by allowing firms greater flexibility in the underlying assets held by funds.

3.12 The proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective, as the proposals align with regulatory and market developments in other jurisdictions. The application of existing regulatory safeguards can ensure growth is sustainable in the medium and long term.

Feedback

3.13 We asked:

> Question 5.1: Do you agree with our proposal to allow UCITS schemes and NURS to hold cETNs? If not, please explain why.

Question 5.2: Do you agree with our proposal to limit exposure to cETNs in UCITS schemes and NURS to 10% of the value of scheme property? If not, please explain why.

Question 5.3: Do you agree with our proposal to prohibit LTAF and NURS operating as FAIFs from holding cETNs, and that no limits should be applied in respect of QIS? If not, please explain why.

3.14 We received a range of responses to our consultation from firms, trade associations, trading venues, consumer groups and individual investors, including consumers.

3.15 Overall, stakeholders welcomed our consultation and supported our proposal to provide clarity on the ability of authorised funds to hold cETNs. Almost all responses supported our proposal to introduce a limit of 10% of scheme property for UCITS schemes and NURS at the current time. Responses broadly saw the 10% limit as a pragmatic approach, supporting innovation within UK funds, while balancing risks associated with cryptoassets. Respondents also agreed with our proposal to not apply a limit to QIS, and our justification for this.

3.16 Some responses from individual consumers and firms were not supportive of limits on the ability to hold cETNs. These respondents argued that some cryptocurrencies, particularly Bitcoin, were now well established and should not be considered risky investments, and that prohibition could stifle innovation. A small number of firms also called for a higher limit, even if funds with higher exposure would need to be classified as restricted mass market investments (RMMIs).

3.17 Responses from firms noted that the proposed changes were optional and gave firms the choice to hold cryptoassets when appropriate for a given fund, or to retain only exposure to more conventional asset classes. Almost all stakeholders agreed that any exposure to cETNs should sit within a well-diversified portfolio.

3.18 Many respondents noted that the cETN structure offered an access route to cryptocurrencies through a transparent, listed structure, as opposed to unregulated alternative products or direct acquisition of cryptoassets. Most respondents supported our intention to review direct acquisition of cryptoassets in future, following adoption of the UK’s incoming regime for cryptoasset regulation in October 2027. Firms and exchanges indicated they were willing to support such a review.

3.19 Most trade bodies and firms welcomed the ability for funds to hold assets on overseas exchanges that complied with our eligible markets tests for authorised funds. We were asked to clarify that the proposed 10% limit for cETNs was a separate rule to the limits on unlisted securities.

3.20 Depositaries also welcomed the clarity provided by our proposals, and indicated that they would provide additional confidence to depositaries when discharging their oversight and safekeeping responsibilities. One respondent noted that the proposals utilised the existing definition of cETN in our Handbook, which also referred to products that provided leveraged or inverse exposure. This respondent asked us to clarify that cETNs held by UCITS schemes and NURS should also comply with our rules on embedded derivatives within transferable securities held by authorised funds.

3.21 We received mixed feedback on our proposals in respect of LTAF and NURS operating as FAIFs. Most responses that addressed this agreed that cETNs were likely to be inconsistent with the envisaged permitted investments for LTAF, but noted that FAIFs were permitted to invest in assets other than second schemes, and were generally a more complex and higher-risk product than 'standard' NURS, operating under an enhanced framework.

3.22 The Financial Services Consumer Panel (FSCP) observed that the proposals introduced a controlled pathway to cryptoasset exposure, which was to some extent safer than direct retail cryptoasset trading. The FSCP saw the 10% cap as essential to limit foreseeable harm. It also noted that the proposals reflected industry preferences, and that this may not be consistent with consumer demand or priorities.

3.23 Some responses also raised broader questions on retail access to digital assets, and derivatives on digital assets on UK-regulated trading venues, and recommended that FCA coordinated closely with HM Treasury on the future retail access regime.

Our response

3.24 Having considered the views received, we are proceeding to make the rule changes as consulted on, with one amendment. We acknowledge the feedback in respect of our proposal to prevent NURS acting as FAIFs to hold cETNs, and that holding cETNs may be consistent with the investment objectives of some NURS acting as FAIFs. We will therefore apply a consistent 10% limit across all forms of NURS. We will retain a prohibition in respect of LTAF.

3.25 We recognise that some firms and individual consumer responses called for a higher limit, or no limits on the ability of UCITS schemes and NURS to hold cETNs. However, we remain of the view that many cryptoassets, including cryptocurrencies, are volatile and complex, and consumer understanding of cETN structures is likely to be low. We believe that a 10% limit for UCITS schemes and NURS remains appropriate at the current time. We will continue to monitor development of the market for cryptoassets.

3.26 The 10% limit on cETN holdings for UCITS schemes and NURS is a separate test to the existing limit on holdings of unapproved transferable securities and is not by default determined on a cumulative basis.

3.27 For both UCITS schemes and NURS, the ability to hold any cETN is subject to the cETN in question complying with our broader rules on transferable securities held by such funds. Where a transferable security contains an embedded derivative, the derivative must be taken into account when assessing if the transferable security can be held. Our rules limit the categories of underlying asset for any derivative, including embedded derivatives, and do not allow derivatives on unbacked cryptoassets within UCITS schemes and NURS. We believe that this would preclude such funds from holding cETNs that offered leveraged or inverse exposure to specific cryptocurrencies. This is consistent with our position in respect of ETNs with other underlyings, including those that provide exposure to gold or other specified commodities through derivatives.

3.28 We agree that demand for authorised funds that hold cETNs may be uncertain. However, the rules are optional and provide new flexibility to firms to offer authorised funds with exposure to cETNs where this is consistent with the disclosed investment objectives, policies and risk profile of a given fund, and the intended target market of the fund. Exposure beyond a genuine de minimis should be disclosed in the prospectus and relevant marketing documents as part of the investment strategy of the fund.

Cost benefit analysis

3.29 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 CP25/16, 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

3.30 We continue to believe that the rules we have made will not have a negative impact on any group with protected characteristics under the Equality Act 2010 and confirm that no concerns were raised on this point during the consultation process.

Rule Review Framework

3.31 The FCA’s Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of our proposed changes, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

CP25/33, CP26/11, CP26/17: Cryptoasset Activities (Periodic and Application Fees) Instrument 2026

Background

3.32 In February 2026, the government legislated to bring certain cryptoasset activities into our regulatory remit under the Financial Services and Markets Act 2000 (FSMA) (see SI 2026/102).

3.33 Firms can apply for authorisation from 30 September 2026. The new regime comes into force on 25 October 2027. We consulted in Consultation Paper (CP) 25/33 and CP26/11 on our proposed application fees.

3.34 Although we will not charge annual fees and levies until 2028/29, firms seeking authorisation must provide estimates of the data required for fees and levy purposes so we can calculate first-year rates. Accordingly, we consulted on our data definitions in Chapter 3 of CP26/17.

3.35 This chapter provides feedback on the responses to our proposals on FCA fees and Financial Ombudsman Service levies in all 3 CPs and sets out our final position and next steps.

Application fees (CP25/33 and CP26/11)

Summary of proposals

3.36 Table 1 sets out the application fees we proposed in CP25/33 in November 2025, updated to reflect the rates now in force.

Table 1: Application fees proposed in November 2025 for regulated cryptoasset activities

Cryptoasset activity	***Application fee***
Arranging deals in qualifying cryptoassets	Category 4 (£2,820)
Dealing in qualifying cryptoassets as agent	Category 4 (£2,820)
Qualifying cryptoasset staking	Category 4 (£2,820)
Dealing in qualifying cryptoassets as principal	Category 6 (£11,260)
Safeguarding qualifying cryptoassets and relevant specified investment cryptoassets	Category 6 (£11,260)
Issuing qualifying stablecoin	Category 6 (£11,260)

Cryptoasset activity	***Application fee***
Operating a qualifying cryptoasset trading platform	Category 7 (£28,150)

3.37 In CP25/33, we asked respondents for feedback on the following question:

> Q8: Do you agree with our proposed application fees for cryptoasset activities? If not, please explain why you disagree.

3.38 In March 2026, we consulted (CP26/11) on changes to confirm that firms applying for both authorisation under FSMA and registration under the Money Laundering Regulations (MLRs) would pay only one application fee. The fee payable would be the highest applicable fee, consistent with FEES 3.2.2G and our usual practice. As drafted, the rules would otherwise have required a separate MLR application fee (Category 6, £11,260). Cryptoasset firms registered with us under the MLRs pay fees in fee-block G30. Once authorised under FSMA, they will be placed into the new fee block A.26, so will not pay fees in both fee blocks.

3.39 In CP26/11, we asked for feedback on the following question:

> Q6: Do you agree with our proposed changes to FEES 3 and FEES 2 guidance?

How this links to our objectives

3.40 The fees we collect enable us to recover the costs of the work of the FCA. They accordingly fund our capacity to advance our operational objectives and secondary objective but are not in themselves intended to directly advance our operational objectives. By setting proportionate application fees for entry to the cryptoasset market, we are indirectly supporting our operational objective of promoting effective competition.

Feedback

3.41 We received 1 response to our consultation in CP25/33, supporting our proposed application fees. We received no comments on the adjustment we proposed in CP26/11.

Our response

3.42 We are proceeding with our proposals as consulted on.

FCA periodic fees (CP26/17)

Summary of proposals

3.43 In CP25/33, we also consulted on creating fee-block A.26 for firms undertaking cryptoasset activities. In Chapter 3 of CP26/17, we further proposed:

- simplifying the definition of fee-block A.26 to cover all authorised cryptoasset firms, rather than specifying the individual authorised activities.

This would avoid the need to update the definition if future changes are made to the range of authorised cryptoasset activities

- using annual income as the tariff base for fee-block A.26, applying our standard definition of income in FEES 4 Annex 11AR and the associated guidance in FEES 4 Annex 13G.

3.44 We asked respondents for feedback on the following question:

> Q3.1: Do you agree that the fees of cryptoasset firms in fee-block A.26 should be based on regulated income, using our standard definition in FEES 4 Annex 11A?

How this links to our objectives

3.45 As explained above, our fees fund our capacity to advance our objectives but are not in themselves intended to directly advance them. Recovering our costs from participants in the regulated cryptoasset market through periodic fees will indirectly support our strategic objective of ensuring that the relevant markets function well.

Feedback

3.46 We received 1 response from a trade body. This supported our overall approach but questioned whether the standard definition was sufficiently adapted to the unique revenue structures of cryptoasset firms, the revenue models of which may differ from those in traditional finance.

3.47 Since fees for 2028/29 will be based on the annual projections that firms will provide when they submit their applications in 2026/27, the trade body also asked us to explain, when we consult on the fee-rates, how firms' application data had been used to model their fees. This was to clarify the link between reported income, fee-block allocation and the eventual rate.

Our response

3.48 We acknowledge that firms unfamiliar with FCA fees will need to think carefully about how to identify the revenue streams that arise out of the activities for which they are applying.

3.49 Our basic definition in FEES 4 Annex 11AR is:

> 'the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the firm's accounts during the reporting year in respect of, or in relation to, the provision in the UK of the regulated activities.'

3.50 This is a broad definition of income used by both authorised firms and cryptoasset businesses in fee-block G30. We believe that this definition, along with the guidance in FEES 4 Annex 13, will enable firms to identify the revenue streams derived from the particular activities for which they are authorised.

3.51 The trade body has provided us with examples of areas where cryptoasset firms might need advice on applying our standard definition to their business models and these will help us respond to queries from firms as they transition to the new regime. We will keep our definition under review once the regime is implemented and, if necessary, provide further guidance in the light of the experience of cryptoasset fee-payers.

3.52 We agree that it is important that firms understand how their fees have been calculated. We will set out our proposals in detail when we consult on the 2028/29 fee rates.

3.53 We received no substantive objections to our proposals for periodic fees, so we are making the rules as consulted on.

Financial Ombudsman Service general levy

Summary of proposals

3.54 In CP26/17, we set out our proposed approach to the industry block allocation and corresponding tariff bases for firms carrying out regulated cryptoasset activities, for the purposes of calculating the Financial Ombudsman Service's (Financial Ombudsman's) Compulsory Jurisdiction (CJ) levy.

3.55 The FCA makes the rules on how the Financial Ombudsman's CJ levy is allocated across different industry blocks and different activities. Each year, the Financial Ombudsman determines the funding required for its compulsory jurisdiction, typically in December. The FCA then consults on the allocation of the levy across industry blocks through its annual fees and levies CP.

3.56 The Financial Ombudsman is funded by both the levy and case fees. Therefore, firms may be required to pay case fees for complaints referred to the Financial Ombudsman, depending on the number of cases referred. The case fees rules and fee levels are set by the Financial Ombudsman, and the relevant rules are set out in FEES 5.

3.57 For the new regulated cryptoasset activities, we proposed the following new industry blocks, tariff bases and timelines for implementation for the Financial Ombudsman's CJ levy:

- For most new cryptoasset activities, we proposed that firms would pay the Financial Ombudsman's CJ levy based on relevant annual income, subject to a minimum levy. However, we will use a flat fee tariff base for firms authorised to deal in qualifying cryptoassets as principal or issue qualifying stablecoins. This fee has provisionally been set at £0, with the intention of it being £75 for the 2028/29 fee year. This reflects the expected low complaint volumes and the practical difficulty of identifying a meaningful income measure that reflects complaints risk. As the cryptoasset regime beds in and evidence on firms' risk profiles, business models and complaint volumes develops, we will keep the proposed £75 fee under review.

- We proposed not to require firms to contribute to the CJ levy until the 2028/29 fee year. We will use data collected during the authorisation process to allocate the 2028/29 levy.

- We proposed that, from 2029/30, the standard CJ levy-setting process would apply. The Financial Ombudsman will set out its funding requirement in its annual report, after which the FCA will determine the tariff base used to apportion the CJ levy across firms in the relevant industry block. Firms will then report the necessary data to the FCA, which will be used to calculate their levy contribution.

How this links to our objectives

3.58 In developing our approach to funding the Financial Ombudsman, we have carefully considered how to advance our objectives. While the changes to our rules do not directly advance our operational or secondary objectives, they help to establish the fees framework needed to support the funding of related Financial Ombudsman functions. In that way, they support the FCA's capacity to act in a manner compatible with its strategic objective of ensuring that the relevant markets function well and, so far as reasonably possible, to advance one or more of its operational objectives, including ensuring there is an appropriate degree of protection for consumers.

3.59 We asked respondents for feedback on the following questions:

> Question 3.2: Do you agree that annual income relating to a firm's 'relevant business' is an appropriate tariff base for the retail facing cryptoasset activities listed in Table 2? If not, what alternative tariff base would you propose?
>
> Question 3.2: Do you agree with our proposal to apply a flat fee to firms dealing in qualifying cryptoassets as principal, including the provisionally proposed level of £75? If not, what alternative tariff base would you propose?
>
> Question 3.4: Do you agree with our proposal to apply a flat fee to stablecoin issuance activities, including the provisionally proposed level of £75
>
> Question 3.5: Do you agree that the existing reporting requirement on the activities which will use the annual income tariff base will be sufficient for firms to identify and report annual income derived from 'relevant business'?

Feedback on question 3.2

3.60 We received 1 response to our consultation.

3.61 The respondent supported our proposals to use annual income as the tariff base for calculating the Financial Ombudsman CJ levy for most activities. However, it raised the following concerns:

- Some activities, such as arranging qualifying cryptoasset staking and arranging cryptoasset safeguarding, are likely to involve limited direct interaction with retail customers and therefore may be less likely to give rise to complaints. The respondent suggested we consider a more granular approach to the annual income industry block, with different tariff bases for different activities.

- The respondent also questioned whether the traditional distinction between retail and professional clients translates effectively to cryptoasset firms. It argued that this distinction should not be used when calculating a firm's annual fee, as many clients may not meet the definition of a professional client, while still possessing a high degree of sophistication.

Our response to feedback on question 3.2

3.62 We intend to proceed with the proposal without introducing separate tariff bases for different cryptoasset activities or differentiating between customers based on their level of investment knowledge, experience or familiarity with cryptoasset products, provided they otherwise meet the relevant eligibility criteria in DISP.

Tariff base

3.63 We agree with the respondent that firms generating more complaints should make a greater contribution to funding the Financial Ombudsman. In practice, this occurs through the case fee: firms pay a fee for each complaint referred to the Financial Ombudsman, meaning that firms generating more complaints will generally make a greater contribution, while firms generating fewer complaints will pay less and, in some cases, no case fees at all.

3.64 However, even where firms generate relatively few complaints, their customers remain entitled to refer complaints to the Financial Ombudsman. It is therefore appropriate that these firms contribute to the Financial Ombudsman's CJ levy. We continue to consider annual income to be an appropriate proxy for measuring complaints risk.

3.65 In line with our commitment to review the regime after 2 years, we will assess whether a more granular allocation method is appropriate once we have further data on the number of complaints referred to the Financial Ombudsman.

Customers with a high degree of sophistication

3.66 It is important that the Financial Ombudsman's CJ levy is apportioned fairly between firms based on the amount of 'relevant business' they undertake.

3.67 'Relevant business' relates only to business derived from 'consumers', which for these purposes means an individual acting for purposes which are wholly or mainly outside that individual's trade, business, craft or profession. Whether a customer is a consumer is fact-specific and depends on the purposes of the trades and transactions. A high level of knowledge does not mean a customer is not a consumer.

3.68 We would be open to engaging with firms when they enter our perimeter on this point to support implementation of the reporting requirements.

Feedback on questions 3.3 and 3.4

3.69 Feedback supported our proposed approach for dealing in qualifying cryptoassets as principal and stablecoin issuance but disagreed with the comparison between stablecoin issuers and e-money issuers. It suggested that the FCA could consider applying a £0 tariff rate for stablecoin issuers during an initial period while further data on the sector is collected.

Our response to feedback on questions 3.3 and 3.4

3.70 As feedback was supportive of the substance of our proposal, we will proceed with the proposal as consulted on, noting some disagreement about the comparison to traditional finance.

3.71 We do not consider it appropriate to apply a permanent £0 tariff rate for stablecoin issuers. This would mean firms carrying out this activity would not be contributing to the levy. It is important this cost is split among all firms that could generate Financial Ombudsman complaints.

Feedback on question 3.5

3.72 The respondent was concerned that the current reporting requirements may not enable all cryptoasset firms to identify and report annual income derived from ‘relevant business’. It noted that many cryptoasset firms have complex business models, combining retail and institutional services, operating across multiple jurisdictions, and generating revenue through mechanisms that do not map neatly onto the concept of income from ‘relevant business’ as understood in traditional financial services. As a result, firms may face challenges in identifying the income attributable to ‘relevant business’.

3.73 Feedback also agreed that the existing safeguard in FEES 5.4.1R(3), which allows firms to submit their best estimates, is essential. It also asked whether the FCA could issue sector-specific guidance to support firms in reporting annual income and provide a short transitional period during which firms would not be penalised for inaccurate reporting.

Our response to feedback on question 3.5

3.74 We acknowledge the respondent’s concerns about the practical challenges some firms may face in identifying and attributing the relevant income.

3.75 We do not consider cryptoasset firms’ business models to be inherently more complex than those of many other firms within our regulatory perimeter. As a result, we do not believe additional sector-specific guidance is necessary at this time.

3.76 We consider the existing safeguard in FEES 5.4.1R(3), which allows firms to provide their best estimates, to be sufficient. Firms can rely on this provision where appropriate.

3.77 However, we recognise that many cryptoasset firms will be new to FCA regulation and the associated reporting requirements. We will therefore provide a one-year transitional period to enable firms to develop their systems for the purpose of reporting information for the Financial Ombudsman levy. During this time, we would be open to engaging with firms and industry bodies to support implementation of the reporting requirements.

3.78 In CP26/17, we proposed that firms will enter our regulatory perimeter in October 2027, but that firms do not contribute to the Financial Ombudsman's CJ levy until the 2028/29 financial year. We also proposed that we would use the data firms report to us in the authorisation gateway for the 2028/29 financial year. This means firms will not need to submit data through the usual fees approach until the 2029/30 financial year. We therefore expect 2029/30 to serve as the transitional year, with firms expected to have appropriate systems and controls in place to support accurate reporting from 2030/31 onwards.

Cost benefit analysis

3.79 Under section 138I(6) FSMA, the FCA is generally exempt from the requirement to carry out and publish a cost benefit analysis for fees policy proposals. We have therefore not undertaken a cost benefit analysis.

Equality and diversity framework

3.80 We continue to believe that the rules we have made will not have a negative impact on any group with protected characteristics under the Equality Act 2010 and confirm that no concerns were raised on this point during the consultation process.

Rule review framework

3.81 We have assessed these changes and our duties against the Rule Review Framework and are satisfied that these changes do not require ongoing monitoring.

CP26/17: Disclosure of Climate-Related Financial Information (Asset Manager and Asset Owner) (Amendment) Instrument 2026

Background

3.82 In Policy Statement (PS) 21/24 we introduced climate disclosure rules for asset managers, life insurers and FCA-regulated pension providers (referred to collectively as 'firms' in this chapter). The rules came into force on 1 January 2022 and drew on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. They required firms to publish annual entity-level and product-level reports.

3.83 The rules aimed to deliver 3 outcomes:

- more informed investment decision-making by retail and institutional investors
- deeper consideration of climate risks and opportunities by in-scope firms
- coordinated flow of climate information along the investment chain

3.84 Following a post-implementation review in 2025, we found that TCFD reporting had helped to increase firms' consideration of climate risks. However, firms often viewed the costs to be disproportionate given that investors do not typically engage with the reports. We found that while retail clients are interested in knowing how climate change could impact their investments, they consider the reports to be too complex and detailed for their needs. We also found that institutional clients typically obtain the information they need through their usual engagement with firms, rather than from the public reports, given the commercial incentives.

3.85 In Consultation Paper (CP) CP26/17, we proposed simpler product-level climate disclosure rules to address these findings.

Summary of proposals

3.86 In Chapter 2 of CP26/17, we proposed to remove the TCFD product-level reporting requirements and replace them with fewer, more targeted and outcomes-based rules, while maintaining the same overall scope. The changes aim to simplify the regime and reduce unnecessary burdens and complexity. They aim to help retail and institutional clients get information that meets their needs, while giving firms more flexibility in how they can communicate information. This supports our wider work to streamline Handbook rules and reduce complexity for firms following the introduction of the Consumer Duty.

Retail clients

3.87 We want retail clients to receive clear information about how climate change could materially affect investment performance, to help them make informed decisions. To achieve this, we proposed a rule which would require firms to:

- consider periodically whether climate-related risks and/or opportunities could be materially relevant to the financial performance or return of the product; and
- where firms identify materially relevant climate-related risks and/or opportunities, include them in communications intended for retail clients that provide general information on risk and financial returns.

3.88 We also proposed guidance to clarify that firms could carry out the periodic assessment through their usual risk assessment procedures, and to clarify that firms could include climate information within the risk and return information section of a product summary, where the product is in scope of the consumer composite investments (CCI) regime.

Institutional clients

3.89 As many firms' institutional clients are subject to their own climate reporting obligations, we want to ensure they continue to have a regulatory basis to obtain the climate information they need to meet their obligations. To support this, we proposed some amendments to the original 'on-demand' regime, which requires firms to respond to client requests in certain circumstances:

- firms would be required to provide, at a minimum, data on Scope 1, 2 and 3 greenhouse gas (GHG) emissions when clients request this information to meet their climate-related reporting obligations; and
- clients would be eligible, under our rules, to request this information once per calendar year, per in-scope product.

3.90 We recognised that clients may need information beyond the minimum baseline. We therefore proposed guidance that firms should also provide other information if the client requests it for their own climate reporting, if reasonably practicable and permitted under contractual arrangements.

3.91 We also proposed guidance that firms should provide the information in a reasonable format and period of time, and should not disclose data that could be considered misleading due to data gaps.

Consequential amendments

3.92 We proposed consequential amendments to other areas of the FCA Handbook to reduce interlinkages and simplify our disclosure rules. These included removing redundant glossary definitions, transitional provisions and references to product-level reporting within the ESG sourcebook, and removing the requirements to include TCFD product reports in funds' annual and half-yearly reports in the COLL sourcebook.

How this links to our objectives

3.93 These changes aim to help consumers make well-informed decisions and protect them from the risk of investing in unsuitable products. This advances our operational objective of securing an appropriate degree of consumer protection.

3.94 We anticipate that the changes are likely to reduce costs for UK asset managers, life insurers and FCA-regulated pension providers. This should help improve the efficiency of our regulation in delivering its intended policy outcomes and freeing up firm resources. Removing requirements that other jurisdictions do not impose may also help reduce relative costs for UK-based products and support the overall attractiveness of the UK regulatory environment. This supports our secondary international competitiveness and growth objective.

Feedback and our response

3.95 We received feedback from 44 respondents.

3.96 Overall, respondents expressed broad support for simplifying our TCFD product-level reporting rules and noted that a more flexible, targeted regime will reduce regulatory compliance burdens for firms.

Proposals for communicating with retail clients

Feedback

3.97 At question 2.1 we asked whether respondents agreed with replacing public TCFD product reports with a more flexible approach tailored to the needs of retail clients. We received 34 responses to this question, with over 90% broadly agreeing. Respondents frequently cited low use of product-level reports among retail investors, high costs and complexity as reasons to replace those rules.

3.98 At question 2.2 we asked whether respondents anticipated any practical or operational challenges with the proposed approach. We received 34 responses to this question. While firms were supportive of simplifying the regime, they raised some potential challenges with the new approach.

3.99 Respondents generally supported the materiality-based trigger for disclosure of information. However, around half – typically in-scope firms – asked us to clarify how firms should assess what is 'materially relevant'. They considered that different interpretations may reduce comparability for investors. Some respondents also called for firms that do not consider climate risks to be materially relevant to disclose the reasons why. In response to our proposal that firms must periodically consider whether climate risks could be materially relevant, respondents asked for more clarity on what 'periodically' means in practice, for broadly the same reasons.

3.100 Around 80% of firms and trade body respondents to questions 2.1 and 2.2 said a more flexible approach could lead to inconsistent disclosures, reduced comparability and data gaps, particularly where firms use different documents, formats, and timings for disclosure.

3.101 A quarter of respondents to both questions, mostly trade bodies, asked us to consider the interaction between our final rules and other reporting regimes. For example, some noted that firms are already advanced in their preparation of product summaries under the CCI regime and asked for clarity on when climate disclosures would be required. Some respondents asked us whether climate disclosures within product summaries would trigger the naming and marketing rules under the Sustainability Disclosure Requirements (SDR) regime.

3.102 A few respondents raised other broader, practical implementation considerations – for instance, seeking clarity on whether firms should remove existing TCFD product reports from their websites.

<u>Our response</u>

3.103 We are moving forward with an outcomes-based approach for communicating with retail clients which enables firms to carry out their assessment of climate risks in a way that is appropriate for their product, and to disclose material information through existing communications. This is consistent with our broader regulatory approach towards how firms are expected to identify and communicate information about material risks. This approach also aims to avoid unnecessary burdens and duplication. Retail clients will receive consistent types of information, although the specific detail may vary between products, depending on the nature of the product and risks identified. We remind firms in scope of the Consumer Duty to consider their obligations under the consumer understanding outcome.

3.104 We have made targeted changes and clarifications to support implementation based on the feedback received.

3.105 As firms wanted more consistency in how to determine whether climate-related risks are materially relevant, we encourage industry to consider collaboration on good practice where this may be helpful. We have, however, amended the guidance at ESG 2.3.1CG(1) to clarify that firms should 'periodically consider whether climate-related risks are materially relevant' in a manner and frequency appropriate for the product, and may choose to do this as part of their usual risk assessment procedures.

3.106 We have amended ESG 2.3.1BR(2) to clarify that firms are only required to include information on materially relevant climate-related risks in communications that they already produce, where those communications provide general information on a product's risk and financial returns. We have also clarified that firms only need to disclose information on 'climate-related risks', rather than 'risks and opportunities'. This approach is better aligned to the types of information required under existing retail communications, which focus on risks, and helps to avoid overlaps with the SDR naming and marketing rules. Under ESG 2.3.1CG(2), we further clarify that, where applicable, firms may include these disclosures as part of the risk and return information contained in a product summary under the CCI regime.

3.107 We are not requiring firms to disclose why climate-related risks they have identified are not materially relevant to a product's financial performance or return. This is consistent with the approach in existing retail communications, which focus on disclosure of risks that are materially relevant, rather than those that are not.

3.108 We recognise that some firms are already advanced in preparing CCI product summaries and have already carried out their usual risk assessment procedures. Firms should consider the guidance at ESG 2.3.1CG(1) to determine an appropriate timeline for their consideration of material climate-related risks and any disclosures of these risks (where materially relevant) to clients.

3.109 We have amended ESG 4.3.2R(3) under the SDR naming and marketing rules to clarify that firms may use sustainability-related terms to meet the requirements of ESG 2.3.1BR, including where those disclosures appear in financial promotions.

3.110 Firms should decide whether to retain or remove historic reports, including considering whether the information remains up to date, fair, clear and not misleading.

Proposals for communicating with institutional clients

Feedback

3.111 At question 2.3 we asked whether respondents agreed that we should apply the original public and on-demand TCFD product reporting scope to the new rules for communicating with institutional clients. We received 38 responses, with over three-quarters supportive.

3.112 Respondents who supported this proposal said it aligns with how institutional clients typically engage with firms to obtain climate information.

3.113 They believed the proposed scope would enable a continued flow of information across the investment chain, with sufficient data to allow clients to meet their climate reporting obligations.

3.114 A minority argued that, due to well-established contractual arrangements between reporting firms and institutional clients, there is no need to set regulatory requirements. A few trade bodies and asset owners called for exemptions for certain products such as pre-set or ready-made investment portfolios, default arrangements and investment pathways, especially where the underlying funds are already in scope.

3.115 At question 2.4 we asked whether respondents agreed with reducing the required metrics to Scope 1, 2 and 3 GHG emissions data (at a minimum) and the supporting guidance. We received 39 responses, over 50% of which were supportive, nearly 20% disagreeing and over 25% were neutral or mixed.

3.116 Many respondents, particularly asset managers, agreed that Scope 1, 2 and 3 GHG emissions are an appropriate baseline of information, but asked for guidance on how to explain limitations and data gaps, as well as on appropriate timelines and formats for reporting to clients.

3.117 Asset owners wanted us to include additional metrics to meet their own reporting obligations, such as a data quality metric as required by the

Department of Work and Pensions' TCFD-aligned reporting requirements. They also asked for metrics to inform broader risk management and decision-making, such as forward-looking metrics. In addition, they called for guidance on reasonable formats and timelines for submitting information requests to firms. Many argued that we should not limit requests to one per year, as they often engage with asset managers more frequently to obtain information.

3.118 More broadly, respondents encouraged us to consider implementation timings, continue engaging with the government to align climate reporting regimes, and monitor the market post-implementation for challenges such as fragmentation in data provision and the impact on smaller institutional clients with fewer resources to ask for data outside of our rules.

Our response

3.119 We are broadly proceeding with the institutional client communication rules as consulted on, with some targeted changes, restructuring of the rules and clarifications to address feedback. We recognise that clients typically obtain climate information through established commercial relationships, and we do not want to change these interactions through prescriptive rules. Instead, our rules aim to ensure clients continue to have a regulatory basis to obtain a minimum baseline of data to support their own climate reporting obligations.

3.120 We are proceeding with the proposed product scope at ESG 2.3.4AR. This is in line with respondents' feedback and avoids limiting the types of products for which clients are already receiving information under the TCFD-aligned rules.

3.121 We have introduced ESG 2.3.5AR(1), which requires firms to provide Scope 1, 2 and 3 GHG emissions data to clients, if requested to meet their own climate-related reporting obligations. This is a minimum baseline. We have also introduced guidance at ESG 2.3.6AG, which clarifies that firms should provide the following further information if reasonably practicable and permitted under contractual agreements:

- climate or carbon-related data, if reasonably required by the client for their climate reporting (as proposed in CP26/17)
- an explanation of the proportion of data that is verified, reported, estimated or unavailable (we have reinserted this from the original rules, in response to feedback)

3.122 We have not specified any forward-looking or other metric types, as the guidance captures climate and carbon-related data broadly.

3.123 ESG 2.3.5AR(2) requires firms to provide at least the minimum baseline of data to clients in response to requests made once per product per calendar year. Clients may, however, continue to request information from firms outside of our rules.

3.124 In response to feedback on how firms should provide information to clients, we have amended our proposed guidance at ESG 2.3.7AG to bring it in line with the overarching principle (PRIN 2.1.1R(7)) that firms should pay due regard to their clients' information needs and communicate information to them in a way that is clear, fair and not misleading. In keeping with this, we have:

- retained the guidance that information should be provided within a 'reasonable period of time', and 'in a format in which, the firm, acting reasonably, considers appropriate';
- reinserted guidance to clarify that firms should provide contextual information where relevant, such as an explanation of how information should be interpreted, and any limitations; and
- clarified that firms should not provide information which, in the reasonable opinion of the firm, is misleading due to data gaps or methodological challenges that cannot be addressed using proxy data or assumptions.

3.125 We recognise that many firms in scope of these rules will be reporting Scope 1, 2 and 3 GHG emissions annually in TCFD product reports by 30 June each year. We are therefore introducing a transitional provision, TP 1.11, to set 30 June 2027 as the start date of the rules for communicating with institutional clients.

Consequential amendments

<u>Feedback</u>

3.126 At question 2.5 we asked whether respondents agreed with the proposed consequential amendments. We received 16 responses, of which over half agreed. Most respondents commented on broader issues covered elsewhere in this chapter, including interactions with other regimes.

<u>Our response</u>

3.127 As respondents did not raise any concerns or alternative suggestions, we are proceeding with the consequential amendments we consulted on.

3.128 In addition, we are amending the SDR naming and marketing rule at ESG 4.3.2R(3), which we address in the section above on communicating with retail clients. We are deleting TP 1.6 to reflect the deletion of ESG 2.3.9R(1)(b) and have made a few minor changes to the language in some provisions, to better clarify their meaning.

TCFD entity-level reporting requirements

<u>Feedback</u>

3.129 Across all questions, 5 respondents commented on the TCFD entity-level reporting rules, which were not in scope of the consultation. They asked us to continue considering how to streamline these requirements and clarify how they interact with regimes such as SDR and UK Sustainability Reporting Standards. Some noted that entity-level reporting can require significant time and resource, and may not always provide useful information for clients, while others considered that complex data can be presented more meaningfully at entity level than at product level.

Our response

3.130 We will continue to consider how we can streamline and enhance the entity-level rules, and will provide an update in due course.

Cost benefit analysis

3.131 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 the increase will be of minimal significance. In CP26/17, we explained that a CBA was not required for our proposals, because any increase in costs from the proposed changes would be of minimal significance. We said that we do not consider our simplified rules would impose any new obligations on firms. As such, we did not conduct a CBA. Our position remains unchanged.

3.132 Instead, we estimated that removing public TCFD reports could result in approximately £20m savings per year for the 295 in-scope firms (261 asset managers and 34 asset owners) managing around 9,000 in-scope products. Discounting these savings over a 10-year appraisal period using the standard 3.5% discount rate gave a present value of approximately £174m.

3.133 Respondents had a range of views on the benefits of reducing reporting burdens for firms and raised a perceived risk of reducing the value or usefulness of climate-related data for clients. Some did not agree with our estimated cost savings, citing implementation costs for the retail communication requirements. They also suggested that, despite removing public reporting requirements, firms would still need to maintain the data, systems and processes used to respond to client requests, while facing potential additional burdens.

3.134 In CP26/17, we estimated that asset managers would continue to incur costs for third-party climate data subscriptions related to Scope 1, 2 and 3 GHG emissions data. Given how we have finalised the rules and guidance, we do not expect firms to incur additional costs. As respondents did not provide figures demonstrating additional costs beyond those we already considered, we have not updated our estimated cost savings.

Equality and diversity statement

3.135 We did not receive any feedback to suggest that the proposed changes would cause any adverse equality and diversity impacts as part of the consultation.

3.136 We continue to believe that the new rules will not have a negative impact on any of the groups with protected characteristics under the Equality Act 2010.

Rule Review Framework

3.137 As part of our ongoing efforts to assess whether our policy interventions are producing their intended outcomes, we will continue to monitor the outcomes of our climate disclosure rules in line with our Rule Review Framework. We may, for instance, assess evidence we gather through stakeholder feedback and desk-based research.

CP26/17: Financial Promotion (Notification of Cryptoasset Approval) Instrument 2026

Background

3.138 SUP 16.31 imposes requirements on firms with permission to approve financial promotions ('section 21 approvers') to notify the FCA of the approval of certain financial promotions.

3.139 In Chapter 6 of Consultation Paper (CP) 26/17, we set out why approvers of qualifying cryptoasset financial promotions should no longer be required to submit notifications to us for most of the promotions they approve.

3.140 Our analysis of the compliance of cryptoasset promotions for which notifications were submitted evidenced that the vast majority of such promotions were compliant with our rules. This drove our proposal to amend this requirement: the level of compliance suggested that these notifications were not supporting the identification of potential harm.

3.141 While we will still require approvers to submit notifications for certain cryptoasset promotions, this amendment to our rules will reduce the cost burden on both the FCA and approvers of cryptoasset promotions.

Summary of proposals

3.142 We consulted on amending SUP 16.31.5R so that notifications of approvals of qualifying cryptoasset promotions would no longer be required, except in the following circumstances:

- approval of a qualifying cryptoasset financial promotion where the approval is given within 3 months of the FCA granting permission, or varying permission, for a section 21 approver to approve qualifying cryptoasset financial promotions
- approval of a qualifying cryptoasset direct offer financial promotion

3.143 We clarified that we were not proposing any changes to our requirements on firms to notify us of approvals of amendments to financial promotions or withdrawals of approvals of financial promotions where there is a notifiable concern.

3.144 We also proposed that approvals of amendment notifications and withdrawals of approvals be submitted through section 21 approvers' submission of a SUP 15 notification, rather than through the Connect portal, following publication of the updated rule.

How this links to our objectives

3.145 The proposed amendments to our rules advance our operational objectives of securing an appropriate degree of protection for consumers and promoting effective competition in the interests of consumers.

3.146 The reduced burden on firms will promote competition, while the continued requirement for approvers to notify us of approvals of some qualifying cryptoasset financial promotions will provide an important safeguard against non-compliant promotions, including those approved by newly permitted approvers and direct offer financial promotions.

Feedback

3.147 We received 4 responses to our consultation. All of the respondents welcomed our evidence-based approach to reducing the administrative burden on both firms and the FCA.

3.148 One respondent encouraged us to apply this same evidence-based, proportionality-focused approach to other areas of cryptoasset regulation as the regime matures.

3.149 Two respondents said that the proposal to monitor new cryptoasset approvers for only the first 3 months following the firm being granted permission to approve these promotions is likely to only capture a small number of approvals. They gave other suggestions about how to structure this requirement to ensure that initial promotions approved by these firms meet the required standard.

3.150 One respondent said that the notification regime has functioned as a feedback channel for them and provided clarity on the application of the financial promotions rules. This respondent also said that removing the notification requirement may result in less compliant promotions being approved.

Our response

3.151 The intention of our original proposal was to enable us to assess firms' compliance with their obligations during the initial period in which they are permitted to provide approvals of qualifying cryptoasset promotions. We wanted to ensure that firms are meeting our high standards for approvals of financial promotions when they first begin approving them.

3.152 We agree with the feedback that our proposal may lead to no or very few notifications being submitted by a particular approver. For this reason, we will instead require that these section 21 approvers notify us of their approvals of qualifying cryptoasset promotions for 3 months following the date of their first approval of such a promotion, not from the point of being granted permission. As we set out in the consultation, this will apply to firms which are granted permission to approve financial promotions relating to qualifying cryptoassets as part of an initial grant of approver permission or a subsequent variation of that permission.

3.153 We believe that this amendment to our initial proposals will ensure that we see enough of the promotions approved by a firm to adequately assess their level of initial compliance.

3.154 We are not making any changes to our proposal that notifications continue to be submitted in relation to approvals of all direct offer financial promotions relating to qualifying cryptoassets.

Cost benefit analysis

3.155 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 CP26/17.

3.156 We do not believe that any changes and clarifications to the policy described above will alter the costs and benefits for firms relative to what we consulted on in CP26/17. However, we have identified a calculation error that meant that the benefits we estimated, in terms of cost savings for firms, were overstated. The amended cost saving estimates, over a 10-year appraisal period and applying our standard 3.5% discount rate, are £205,000 – £441,000. We still consider that our proposals are proportionate. The CBA in CP26/17 remains unchanged otherwise

Equality and diversity statement

3.157 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

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

CP26/19: Decision Procedure and Penalties Manual (Cryptoassets) (Amendment) Instrument 2026

Background

3.159 On 30 June 2026, we published the final rules and guidance that will apply to all cryptoasset firms which have been granted permission to operate under the Financial Services and Markets Act 2000 on or after 25 October 2027. The new regime covers public offers of qualifying cryptoassets, admission to trading on cryptoasset trading platforms (admissions and disclosures (A&D)) and the introduction of the market abuse regime for cryptoassets (MARC) (see Policy Statement (PS) 26/9).

3.160 The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (the Cryptoassets Regulations) also introduce a transitional provision for existing cryptoasset firms that are unsuccessful in securing authorisation. This provision allows these firms to run off their UK business in an orderly way and exit the UK market promptly once the new regime commences.

3.161 DEPP sets out our policy on the imposition and amount of financial penalties and the procedures under which certain powers are exercised. It also identifies the decision-makers responsible for exercising those powers. In Consultation Paper (CP) 26/19, we proposed minor and consequential changes to DEPP and the Glossary arising from the MARC.

Summary of proposals

Cryptoasset market abuse

3.162 The Cryptoassets Regulations introduce a market abuse regime for cryptoassets and confer a number of related powers on us. To reflect those changes, we proposed minor and consequential amendments to DEPP and the Glossary.

DEPP

3.163 At present, market abuse is largely defined in DEPP by reference to the Market Abuse Regulation (MAR). The proposed amendments make clear that:

- the existing penalty policy in DEPP 6 in respect of market abuse will also apply to cryptoasset market abuse
- references in DEPP to using inside information include the use of inside information as defined by the Cryptoassets Regulations

3.164 We also proposed amendments to identify the decision-makers responsible for exercising our powers under the transitional provisions of the Cryptoassets Regulations. These powers are to:

- direct that the temporary exemption relating to pre-existing contracts applies to a person (in effect, this directs a person into wind-down)
- cancel all or part of the exemption or impose conditions on the exemption
- issue a public censure where:
  - we consider that a person that is subject to an exemption has undermined one of our objectives, or

- an overseas person or a person subject to an exemption has failed to notify us that they are carrying on a relevant cryptoasset activity.

3.165 The amendments allocate responsibility for exercising these powers to FCA staff, under executive procedures. This aligns with our policy on decision-making allocation in respect of similar types of decisions.

Glossary

3.166 We proposed consequential amendments to the Glossary to reflect the terminology and concepts introduced by the Cryptoassets Regulations and for consistency across the Handbook. In particular, in support of the related changes to DEPP, we proposed amendments to the terms 'inside information', 'market abuse' and 'public censure'.

Commencement of changes

3.167 CP26/19 did not detail when the proposed changes would commence. Consistent with the commencement of the relevant powers under the Cryptoassets Regulations, the changes will commence in 2 parts:

- 30 September 2026 for the direction power
- 25 October 2027 for all other changes

Other changes

3.168 CP26/19 consulted on additional changes to DEPP which this Handbook Notice does not address. We plan to publish a policy statement containing the finalised guidance and our response to consultation feedback later in 2026.

How this links to our objectives

3.169 As set out in PS26/9, the A&D and MARC regimes advance our operational objectives of securing an appropriate degree of protection for consumers, protecting and enhancing the integrity of the UK financial system and promoting effective competition in the interests of consumers.

3.170 In PS26/9 we also considered that, so far as possible, the rules advance our secondary international competitiveness and growth objective by improving confidence in the UK as a place where cryptoasset activities can be carried out in a trusted market with clear and proportionate requirements.

3.171 We are satisfied that the consequential changes to DEPP and to the Glossary are compatible with our objectives and other legal obligations, as we explained in CP26/19. The amendments, which ensure that our penalty and decision-making policies are up to date, consistent and transparent, advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers.

3.172 We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective, as we are confident any burdens or restrictions are proportionate to the expected benefits.

Feedback

3.173 We received 6 responses to our consultation in CP26/19 about our proposed changes for the cryptoassets regime. All of these respondents expressed support for the changes. One respondent commented, for example, that the changes support market confidence and improve clarity.

3.174 One respondent who supported the proposals asked for plain language communications to accompany the final changes, aimed at smaller cryptoasset firms registered under the money laundering regulations to explain aspects of the transitional provision.

3.175 Four respondents who supported our proposals also made other observations on the wider practical application of DEPP and conduct of investigations into cryptoasset market abuse, including the practical and evidential complexity in determining the price of cryptoassets compared to traditional markets.

Our response

3.176 We are proceeding with the proposals consulted on, with the changes commencing in 2 parts as set out above. Our response to the additional comments is set out below.

Transitional provision

3.177 Information about the transitional provision is on our website – see:

- Cryptoassets: The transitional provision
- Cryptoassets: How the gateway will operate

3.178 Further communications regarding the transitional provision are also planned ahead of the application period for firms wishing to undertake cryptoasset regulated activities, which starts on 30 September 2026.

Other observations

3.179 We welcome the additional feedback. We consider that the DEPP penalty framework is sufficiently flexible and suitable for application to the cryptoassets market abuse regime, which our proposals focus on. We do not consider it necessary to set out further detail on our expected approach to these other areas but we have carefully considered all feedback received to support preparations for the new cryptoassets regime.

Cost benefit analysis

3.180 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 CP26/19, we explained that no CBA was required for our proposals because the proposed amendments relate to DEPP, which is general guidance, and the proposals fall out of scope. The amendments impose no direct requirements on firms. Our position remains unchanged.

Equality and diversity statement

3.181 We continue to believe that the proposals 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

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

CP26/17: Data Decommissioning (No 2) Instrument 2026

Background

3.183 The Transforming Data Collection (TDC) programme aims to improve the value and quality of the data we collect. It also aims to reduce unnecessary reporting burdens on firms.

3.184 As part of this work, we want to ensure that Handbook reporting requirements remain proportionate to our regulatory needs. We review whether requirements continue to support a clear supervisory need and whether we can achieve the same outcome in a clearer or less burdensome way. This helps firms comply without incurring avoidable costs.

3.185 Clear reporting instructions also improve the quality and consistency of the information firms submit. If scheduling provisions or guidance do not clearly explain how a return operates, firms may interpret the requirements differently. They may also spend unnecessary time working out what they need to do.

3.186 So, following consultation, we are clarifying the scheduling of section M of the Retail Mediation Activity Report (RMA-M) and updating the guidance for the Baseline Financial Resilience Report (FIN073 return). This will make the requirements easier to follow while preserving the information we need for effective supervision. The changes will reduce avoidable burdens without adversely affecting our supervisory objectives.

Summary of proposals

3.187 In Chapter 7 of Consultation Paper (CP) 26/17, we proposed changes to the Handbook relating to RMA-M and FIN073.

3.188 RMA-M is the Pension Transfer Specialist Advice return. Handbook rule SUP 16.12.23A states the return is scheduled by reference to a firm's accounting reference date. However, RMA-M schedules have a fixed reporting period from 1 April to 31 March. We proposed adding a note to confirm that the RMA-M reporting period of 12 months ends on 31 March. This will show as note 3. The change will not affect firms' existing reporting schedules.

3.189 We also proposed updating the guidance notes in SUP 16 Annex 54G for completing the FIN073 return. The guidance notes previously covered only firms scheduled to submit the return to us on a quarterly basis. Our revised guidance notes now cover returns scheduled yearly, as well as quarterly.

3.190 The Handbook changes will come into force on 1 October 2026.

How this links to our objectives

3.191 The changes advance our market integrity objective by supporting clear and reliable regulatory reporting. Aligning the Handbook with the existing RMA-M reporting schedule and updating the FIN073 guidance will help firms understand and apply the requirements correctly. This supports the quality and consistency of the information we use for effective supervision. The changes will not affect firms' existing RMA-M reporting schedules or reduce the information available to us.

3.192 The changes also contribute to our secondary international competitiveness and growth objective. Aligning the RMA-M requirement with existing reporting arrangements avoids the cost and disruption of changing firms' reporting schedules and systems. Clearer FIN073 guidance will also reduce the time firms spend interpreting which instructions apply to them.

3.193 Reducing avoidable compliance effort supports a more proportionate and efficient regulatory environment. This can help firms use their resources more productively and contributes to the UK's attractiveness as a place to do business, while maintaining our focus on market integrity and effective supervision.

Feedback and our response

3.194 We received no responses to our proposals to simplify the scheduling requirements for RMA-M and clarify the guidance for completing FIN073.

3.195 We consider that the changes will make the existing requirements easier for firms to follow. They will not change firms' existing RMA-M reporting schedules, or the information firms must report. We will therefore proceed with the changes as consulted on.

Cost benefit analysis

3.196 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 CP26/17, 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

3.197 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

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

CP25/39: Pensions Projections Exemption Instrument 2026

Background

3.199 The rules in COBS 13 do not apply to a projection for an in-force product which is consistent with the statutory money purchase illustration (SMPI) requirements in annual benefit statements.

3.200 In 2018, an industry working group developed a simpler annual benefit statement template to support consumer understanding. The template included an additional illustration, not required under the SMPI framework, showing how increased pension contributions could improve retirement outcomes. We supported the inclusion of this illustration. However, as it was not part of the SMPI requirements, it did not fall within the existing SMPI exemption in our rules. So we introduced a modification by consent to allow firms to include the additional illustration without being subject to the COBS 13 projection rules.

3.201 Firms wishing to use the modification notified us and we confirmed where it had been granted. The modification was initially introduced for 2 years and has since been extended. It is currently due to expire in September 2026.

3.202 Government subsequently amended the SMPI regulations and the Department for Work and Pensions (DWP) published statutory guidance on simpler annual pension benefit statements. The guidance goes further than the industry working group on additional illustrative projections. It encourages schemes to show how not only increasing pension contributions could improve retirement outcomes, but also how changing the age at which benefits are taken could do the same.

Summary of proposals

3.203 We consider that the DWP's guidance sets out a helpful way to engage consumers about the options available to them to increase their retirement income. We also see the benefits of firms doing this via a projection to show the potential numerical effect, to supplement a description.

3.204 We consulted in Consultation Paper (CP) 25/39 (question 14) on a proposal to make changes to the application of the COBS 13 projection rules. We proposed that firms would not need to inform us that they are using the modified rule if they provide projections on how consumers could give themselves more money at retirement in SMPIs, as set out in DWP's statutory guidance. This would make it easier for more firms to provide this helpful information to consumers.

How this links to our objectives

3.205 This proposal supports our statutory objective of consumer protection by enabling firms to more easily show consumers how increasing pension contributions or delaying taking benefits could improve retirement outcomes.

Feedback

3.206 We received 35 responses to our question on pension projection exemptions. Of these, 31 respondents agreed with our proposals. They agreed with us that it is appropriate to exempt these additional illustrations within simpler annual benefit statements from our rules to promote consumer understanding and engagement.

3.207 Two respondents disagreed with our proposals. One respondent was concerned that projections could be misleading where any income, or increase in income, may have the effect of reducing entitlement to state benefits. One respondent thought that SMPI money purchase illustrations are not very helpful for consumers and that interactive, digital tools are more useful.

Our response

3.208 We are proceeding with the rule change we consulted on. We will arrange for the modification by consent to be withdrawn at the point the rule change becomes effective. We agree that these illustrations may support consumer understanding and engagement.

3.209 We acknowledge the concern that, in some circumstances, higher retirement income or savings could affect entitlement to means-tested state benefits. However, the purpose of these illustrations is to demonstrate the potential impact of increased pension contributions on retirement outcomes. They are not intended to assess an individual's wider financial circumstances or benefit entitlement. We do not consider this concern justifies maintaining the current modification by consent process.

3.210 We also agree that digital interactive tools can be useful, which is why we are progressing a new regime intended to support firms to develop more effective and engaging tools.

Cost benefit analysis

3.211 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 believe that there will be no increase in costs or that the increase will be of minimal significance.

3.212 A CBA was not required for this proposal 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

3.213 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

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

3.215 This is a small, discrete change to our rules to enable pension schemes to include extra projections in annual benefit statements without needing to engage with us on a modification by consent (Chapter 4 of CP25/39).

3.216 We are not proposing to monitor this as the effect of these changes is to enable firms to undertake non-FCA projections set out by government more easily.

CP25/39: Conduct of Business (Interactive Pension Simulations) Instrument 2026

Background

3.217 Consultation Paper (CP) 25/39 proposed a new flexible regime for interactive digital pension simulations for in-force personal and stakeholder pension schemes. This reflected feedback from Discussion Paper 24/3 on how the existing regulatory framework may be limiting the development of effective pension planning tools. Current projection rules under COBS 13 were designed primarily for static projections (eg, those in printed key features illustrations), and not with interactive digital tools in mind.

3.218 Our aim is to enable firms to provide innovative, effective and engaging digital pension planning tools for their target consumers. This will help to meet increasing demand for such tools, following new initiatives like the rollout of targeted support and the future launch of pension dashboards.

Summary of proposals

3.219 The proposals aimed to enable firms to develop tools to help consumers understand:

- the choices they have (eg, increasing contribution rates or retiring later), and the potential impacts of those choices on their retirement outcomes
- factors outside of their control (eg, rates of return) that they should take account of when planning

3.220 Our proposals were designed to:

- be outcomes-focused and aligned with the Consumer Duty, so firms can design tools that more effectively support consumers to understand and engage with their pensions

- provide proportionate safeguards where there are risks of consumer harm

- be flexible, so firms can develop tools best suited to the needs of their target market

How this links to our objectives

3.221 This regime advances the FCA's consumer protection objective. It will enable firms to develop innovative and engaging tools that support better consumer understanding and decision-making in all stages of the pensions journey, while guarding against risks.

Summary of feedback and our response

3.222 We received 42 responses to our proposed new regime for digital tools for existing pension savers in CP25/39. Respondents largely supported the overarching approach and proposals, so we are generally retaining the policy position consulted on. In response to feedback, we have modified some requirements to more effectively achieve our policy intent.

3.223 Most respondents agreed the proposals support the adoption of technology, including artificial intelligence. As an outcomes-focused, technology-neutral framework, the proposed regime will support firms in using emerging technologies. It is important that regulated firms can develop more engaging tools within a framework of appropriate protections.

3.224 Respondents also noted that the proposed regime could create inconsistency with other projection requirements, resulting in differences in pension projections across the consumer journey. Simulations produced under the new regime for digital tools may differ from static projections at point of sale (under COBS rules) and annual benefit statements (set by the Financial Reporting Council). These outputs serve different purposes, and are likely to be perceived differently by consumers. Static projections provide standardised information, whereas digital tools help consumers to explore the impact of different choices. Consistency with existing regimes has not been our key objective; instead, the intention is for the digital tools regime to support consumer access to more effective and engaging pension planning tools.

3.225 We are engaging with government and the Financial Reporting Council, who are considering their illustration standards in the context of the work on guided retirement.

Scope and application

3.226 In CP25/39, we sought views on how the new regime (replacing COBS 13) would apply to interactive digital pension simulations where firms hold sufficient underlying information for an in-force pension. Where a firm is communicating a projection but does not hold sufficient underlying information about the specific pension, and the projection is generated using generic assumptions, this would be outside the scope of the proposed requirements for presenting an interactive pension simulation. Firms must make it clear to consumers that these outputs include the use of generic assumptions and consumers cannot transact directly through such generic tools.

3.227 For digital tools within scope of the proposed regime, firms must enable consumers to interact, as a minimum, with:

- the point at which a consumer starts accessing pension benefits
- contribution levels
- rates of return (for deterministic simulations)
- decumulation options

Feedback

3.228 Most respondents supported our proposed application. Only a small number opposed restricting direct transactions through generic tools; others viewed it as an important safeguard. Some queried whether firms could still signpost to information or guidance in generic tools to support consumers, and some raised concerns about unintentionally capturing adviser tools that consumers can access and the relevance of certain interaction requirements for consumers already taking benefits.

3.229 Three respondents requested greater clarity on what it means for a firm to hold all the underlying information.

Our response

3.230 We are taking forward the approach consulted on in CP25/39, with the following changes and clarifications:

- The new regime does not apply to tools used for simulations that are provided in connection with a personal recommendation (including ongoing advice) under Article 53(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as the existing regulatory regime applies. This is the case even where consumers can access such tools directly. However, tools used in the course of providing a ready-made suggestion under targeted support are subject to the new regime.
- Where a consumer is already accessing their pension flexibly, firms are able to focus the tools on assumptions relevant for such circumstances.
- Generic tools can signpost to in-scope digital tools, the availability of different types of investment advice (including targeted support) or guidance (including MoneyHelper).

3.231 Restricting direct transactions through generic tools remains an appropriate safeguard where projections are not based on sufficient underlying pension information, so we are retaining this approach. In practice, holding sufficient information means being able to produce an initial simulation that complies with the new regime – including, for example, relevant information about the pension product concerned, charges and investment information.

3.232 Where applicable, our rules will also apply to Gibraltar-based firms in relation to business carried on from an establishment in the UK.

Stochastic v deterministic simulations

3.233 We proposed to give firms flexibility to use either deterministic or stochastic simulations, or both types. This reflects that firms are best placed to determine the most effective and engaging simulation for their target consumers.

Feedback and our response

3.234 Most of the 36 responses supported the proposal. Thirteen respondents noted that different consumers benefit from different types of simulations, depending on their financial literacy. Given the majority support, we are retaining our proposals in this area.

Presenting deterministic simulations

3.235 CP25/39 proposed that firms can present deterministic simulations either individually, as a single initial simulation based on an initial rate of return (while enabling consumers to interact with a higher and lower rate), or with higher, intermediate and lower rates presented simultaneously alongside each other.

3.236 For rates of return, we proposed that firms must present:

- rates of return that accurately and fairly reflect the investment potential of the underlying assets
- higher and lower rates of return calculated using an equal percentage difference from the intermediate rate

Feedback

3.237 Most of the 36 responses to this question supported our proposals for presenting deterministic simulations. Thirteen respondents noted that flexibility to present either a single or multiple simulation would enable firms to develop more engaging, user-friendly tools, particularly when accessed on small screen mobile devices.

3.238 The majority supported the proposals for calculating rates of return for deterministic simulations. Nineteen respondents specifically supported not imposing a cap on rates of return, enabling firms to develop more realistic assumptions. Seven respondents disagreed, raising concerns that overly optimistic rates of return could mislead consumers and lead to poorly informed decisions. One respondent queried whether the rate of return rules apply for pensions in decumulation – for example, in drawdown. And five respondents thought that the digital tools rate of return assumptions should be aligned with the proposed forward-looking metrics under the Value for Money (VFM) framework.

Our response

3.239 We are retaining the approach to rates of return but introducing additional safeguards to further mitigate the use of overly optimistic assumptions. This will require rates of return to accurately and fairly reflect the long-term investment potential of the underlying investments. This approach aligns with the research underpinning the methodology for the maximum rates of return in COBS 13, including the use of rates of return in decumulation.

3.240 In practice, this means that firms should not base rates of return on short-term historic data or short-term forward-looking market assumptions that would not align with long-term outcomes. And we are also requiring firms to use inflation assumptions that reasonably reflect the impact of inflation over the long term. In line with our requirements on communications, we would expect firms to explain to consumers that rates of return are based on long-term investment potential. We are also providing guidance that firms should:

- determine rates of return by reference to the long-term investment performance, typically 10 to 15 years
- base rates of return assumptions on objective, evidence-based inputs, ensuring robust assumptions for deterministic simulations and aligning with our expectations for stochastic models
- keep records of how rates of return have been determined, including the evidence relied upon. This clarifies our expectations and will support effective supervision where required

3.241 We are not mandating alignment with the VFM framework, as the 2 regimes serve different purposes and the VFM framework remains under consultation. That consultation proposes that, for VFM disclosures, forward-looking metrics should derive from the capital market assumptions underpinning an arrangement's strategic asset allocation. Firms can and should consider if it is appropriate to use the same assumptions when calculating rates of return for digital tools.

Presenting stochastic simulations

3.242 CP25/39 sought views on the presentation of stochastic simulations. It proposed incorporating existing COBS 13 requirements so that stochastic simulations are based on a reasonable number of simulations, using reasonable assumptions and objective data. This aimed to make sure stochastic models are robust and credible. The consultation proposed that firms should present outcomes that are balanced and not overly optimistic. Firms can comply by either presenting the 50th percentile or a range centred around it (eg 10th to 90th percentile), and by allowing consumers to interact with alternative potential outcomes.

Feedback

3.243 Of the 34 responses on stochastic simulations, the vast majority supported the proposals. Thirteen respondents said that stochastic models can benefit consumers by helping them understand investment risk and uncertainty. Some noted they can be more accurate than deterministic models. Eighteen respondents noted the importance of supporting consumer understanding for certain consumers, given the complexity of some stochastic models. Five respondents requested additional guidance on what would constitute reasonable assumptions and a reasonable number of simulations.

Our response

3.244 We have clarified that, when determining a reasonable number of simulations, with reasonable assumptions, firms should consider how outputs represent a stable, reliable and representative basis for reflecting the future investment potential, and base this on objective data. We also encourage firms to undertake effective consumer testing to assess comprehension and usability to support consumer understanding. Firms should consider these requirements alongside their Consumer Duty obligations, including ensuring that outputs are fair, clear and not misleading, and retaining records of assumptions, simulation numbers and supporting rationale. To align with requirements for deterministic models, we are also requiring that stochastic models offer a balanced and fair reflection of the anticipated long-term investment performance.

Inclusion and calculation of contributions, inflation and charges

3.245 CP25/39 proposed requirements for calculating contributions, inflation and charges that apply to both deterministic and stochastic simulations, including that simulated outcomes should be shown in real terms.

Feedback and our response

3.246 There was limited feedback on these proposals, so we are retaining the general approach while clarifying 2 points:

- First, firms should use a forward-looking, generally accepted long-term measure of UK inflation.
- Second, firms may additionally disclose nominal rates of return accompanied by information about the inflation assumption used, where this supports consumer understanding. However, projected outcomes will continue to be calculated in real terms.

Firms offering holistic tools including non-pension and non-tax exempt investment products should note that they are not prevented from showing simulations in real terms for such investments.

Decumulation options

3.247 CP25/39 sought views about whether consumers should be given the choice to view and interact with 4 different decumulation options. It proposed that firms should select an appropriate option for the initial simulation and then enable consumers to view and interact with other options, including:

- an annuity
- an uncrystallised funds pension lump sum
- flexi-access drawdown
- full withdrawal of pension savings

3.248 The consultation also proposed using current market annuity rates and encouraged firms to illustrate tax impacts showing net income.

Feedback

3.249 We received 36 responses on decumulation. There were mixed views on firms determining an appropriate initial decumulation option. Some respondents were concerned that requiring firms to determine an 'appropriate' decumulation option may be overly burdensome, given the limited information about consumers' circumstances in a digital tool.

3.250 Most respondents supported showing a range of decumulation options to enhance consumer understanding, but views were mixed on requiring 4 options. Concerns about the proposal included:

- implementation challenges for firms
- the risk of overwhelming consumers with too many choices
- the benefits of tailoring decumulation options to firms' target consumers

3.251 On annuity rates, there was opposition to the proposal to use the current market rates. Respondents cited difficulties for firms that do not offer annuities in accessing current rates and raised concerns that current rates may not be appropriate for consumers who are further from retirement.

3.252 Some respondents said that requiring flexible income options to be shown to age 99 could lead to unfair comparisons with an annuity. One respondent sought clarity on using consumers' expected personal tax code in decumulation.

Our response

3.253 We acknowledge that requiring consumers to have the choice to view and interact with 4 decumulation options may result in implementation costs for firms and could be overwhelming for some consumers. We are therefore taking a more proportionate approach to support consumer understanding and engagement.

3.254 Firms must now determine, as a minimum:

- one flexible income option, meaning a form of regular income not guaranteed to last a lifetime (for example, drawdown or regular uncrystallised funds pension lump sums)

- one lifetime income option, meaning a form of regular income guaranteed to be paid for life (for example, a lifetime annuity)

3.255 A firm can initially present either a single decumulation option, with the ability to interact with the other option(s), or multiple decumulation options. When presenting income options, we encourage firms to consider showing how not taking full tax-free cash upfront would affect a consumer's income. For example, when presenting flexible income options, presenting this in a way that enables consumers to understand the implications of spreading their entitlement over time. Firms have the discretion to show more decumulation options if they consider this supports the consumer understanding and engagement needs of their customer base.

3.256 Given the points raised in feedback, we are retaining flexibility for firms to determine an initial decumulation option but removing the requirement that this be 'appropriate'. Instead, supplementary guidance sets out what firms should consider in determining the initial option, alongside wider Consumer Duty obligations.

3.257 We agree with some respondents that requiring flexible income options to be shown to age 99 could lead to unfair comparisons with an annuity. Instead, we are requiring that firms present decumulation options in a way that supports fair and reasonable comparisons and helps consumers understand the key differences between them.

3.258 On annuity rates, having considered the consultation feedback, we are instead requiring a methodology equivalent to COBS 13 Annex 2. We are giving firms the flexibility to determine upper and lower annuity rates, in line with the flexibility afforded to them to determine their own lower and upper rates of return. This flexibility will allow firms to set upper and lower annuity rates that better reflect future economic scenarios. This provides a more consistent and familiar basis for calculating annuity rates. As COBS 13 provides an estimate of current rates, firms should explain that annuity rates are uncertain, may change over time and depend on individual circumstances.

3.259 As part of this approach, we are maintaining the approach from COBS 13 Annex 2 for simulations to place greater weight on prevailing market conditions, where consumers are approaching retirement. In particular:

- For consumers within 12 months of the assumed annuitisation date, the annuity rate must not exceed the immediate market rate.

- For consumers within 6 months of the assumed annuitisation date, firms may use any reasonable basis.

3.260 Regarding the use of consumers' expected personal tax code in decumulation, our rules neither prevent nor require this.

Communications

3.261 We proposed that firms communicate simulations in a way consumers can understand, including by explaining the underlying assumptions and the uncertainty inherent in them.

Feedback and our response

3.262 Most respondents supported this proposal and welcomed the flexibility afforded to firms to tailor communications and innovate. Given the strong support received, we are proceeding with the proposals as consulted on in CP25/39.

Record-keeping and review requirements

3.263 All FCA-regulated firms must keep records of their business and internal organisation to support FCA compliance monitoring, as set out in SYSC. CP25/39 sought views on specific record-keeping requirements for digital tools.

Feedback and our response

3.264 There was majority support for the proposals, so we are retaining them, with the following clarifications:

- Firms should take a proportionate approach to the frequency and depth of reviews of their digital tool, taking into account the complexity of the tool, its functionality and the potential for risk of consumer harm.

- Firms are not expected to keep audit trails of assumptions seen by individual consumers.

- Firms can allow consumers to store or export outputs in a durable medium, with information explaining the nature and limitations of the simulation, so it is accessible for future reference.

Transitional period

3.265 CP25/39 sought views on a 12-month transitional period. We proposed that throughout this period, firms could continue to offer their existing COBS

13-compliant tools until they became able to offer tools that are compliant with the new regime once these have been developed.

Feedback

3.266 Most pension providers said they needed more time to adhere to the new regime, citing the volume of wider regulatory change in pensions.

Our response

3.267 We acknowledge firms will be implementing a number of other regulatory changes across the pensions market so, have extended the transitional period to 24 months, but strongly encourage firms to transition to the new regime sooner where they can do so. During the transitional period, firms may choose to remain under the COBS 13 requirements or elect to move to the new regime for interactive pension simulations in relation to a particular pension product earlier.

Digital tools in a pensions dashboards service (PDS)

3.268 Pensions dashboards will allow consumers to view information about pensions they have not yet accessed in one place. Pensions dashboards are still being developed for public launch. The MoneyHelper dashboard, operated by the Money and Pensions Service, will be the first to launch to the public. Subject to FCA authorisation and regulation, private firms will also be able to offer a PDS. Under rules in PDCOB, FCA-regulated firms that operate a pensions dashboard service will be able to offer 'post-view services' (PVS), including information, guidance and digital tools.

Feedback and our response

3.269 Most respondents supported the CP25/39 proposal that the new digital tools regime would not apply to PVS digital tools where these are not based on sufficient underlying information about an in-force pension contract or scheme, such as relying solely on pensions dashboard data. They noted that the data available through dashboards would not enable firms to meet those requirements. Respondents also agreed that firms should clearly explain that the projections use generic assumptions and therefore have limitations. We are therefore retaining the approach proposed in CP25/39.

Holistic tools

3.270 CP25/39 sought views about how the new regime will apply to digital tools that include a broader range of retirement income. We proposed that firms may wish to offer retirement planning tools ('holistic tools') that allow consumers to include additional pensions, investments or the state pension, in addition to in-force pensions held with a firm.

3.271 For these tools, we proposed that firms must comply with our rules for the in-force pension held with that firm. However, we proposed that the rules would not apply to other sources of potential retirement income where firms do not hold the associated underlying information. In this situation, we proposed that firms should use reasonable assumptions (or assumptions inputted by the consumer), explaining that outputs are not based on specific product information, so are not comparable with the in-house pension.

Feedback

3.272 There were 36 responses on holistic tools. The majority supported our proposal, saying that this would help consumers understand their broader retirement position. Those opposed to it noted concerns that consumers may be overly reliant on generic outputs without seeking further support. Nine respondents also cited risks around consumers comparing pensions within a holistic tool where generic assumptions could make some pensions artificially appear more attractive than in-house pensions.

Our response

3.273 In addressing the feedback to this question, we have also considered how firms should undertake simulations for multiple internal pensions held with the same provider (or an associate). We understand from consultation feedback and further engagement that where these include legacy products held on separate systems, it can be challenging to determine rates of return and charges for each pension.

3.274 Firms should use reasonable endeavours to calculate the simulated outcomes for each pension separately using each pension's relevant information. Where that is not possible for all pensions, for example due to operational feasibility, they must calculate the simulated outcome for at least one of the pensions and can apply the same assumptions to any other internal pensions where it would not be misleading to do so.

3.275 Where assumptions are used that are not individualised to specific pensions, firms must clearly disclose and explain this. Firms must not permit transactions in relation to internal pensions in the tool where the relevant information specific to that pension has not been used in a simulation. This aims to reduce the risk of consumer harm arising from decisions made using projections that are not based on, or fully representative of, the specific product concerned. This does not prevent a firm from offering products or services through other channels, where permitted by, and in accordance with, applicable legal and regulatory requirements.

3.276 For holistic tools which include external pensions and investments (ie, those held with other providers), and where there is only 1 internal pension held by the firm, we are requiring that firms apply the same rate of return assumptions for the internal pension to the external pensions (other than defined benefit occupational pension schemes) and any other tax-exempt investment product. Firms should clearly explain this to consumers. This requirement aims to support fair comparisons across tax-exempt investment products and reduce the risk of misleading outputs.

3.277 Where multiple internal pensions are calculated individually and presented with external pensions in a holistic tool, firms can comply with the requirement to apply the same rate of return assumptions to both in-force internal and external pensions, and tax exempt investment products, by selecting one of the internal pensions' rates of return to apply. Firms should avoid approaches that would inappropriately make internal pensions appear more attractive than external pensions. Firms must explain to consumers where external projections use an internal pension rate of return due to limited underlying data and are therefore not reliable projections for those products.

3.278 Where holistic tools request information from consumers on investments which are not tax exempt and will be used for retirement income, firms should consider applying a rate of return which takes account of the different tax basis, such as the differential used in COBS 13.

3.279 Consistent with our approach for generic tools, holistic tools cannot directly initiate transactions for external pensions and investments that are not based on the underlying information. This approach aims to balance operational practicality with good consumer outcomes, enabling broader pension understanding while supporting fair, robust and reliable outputs. The same principles apply to stochastic models.

Cost benefit analysis

3.280 Section 138I(2)(a) of FSMA requires us to publish a cost benefit analysis (CBA) for proposed rules unless, under section 138L(3), any increase in costs is of minimal significance. In CP25/39, our breakeven analysis indicated the intervention would need to deliver average benefits of £26-£78 per person to offset firm costs.

3.281 Some respondents said the CBA did not account for ongoing record-keeping and review costs. However, firms are already subject to record-keeping and regular review requirements under the SYSC and PRIN 2A for existing tools. As the proposed obligations are broadly consistent with these existing requirements, firms should generally be able to incorporate them into their existing record-keeping and review processes. We therefore do not expect the incremental ongoing costs of our proposals to be material. We also do not expect material cost differences from extending the transition period by 12 months.

3.282 We also considered the impact of the final policy on decumulation (set out in paragraphs 3.253 to 3.260). We expect the policy revisions to reduce implementation costs for firms. However, we do not have sufficient evidence to quantify this cost reduction reliably. Consistent with paragraph 9.7 of our Statement of Policy on Cost Benefit Analyses, we have therefore retained the higher cost estimate, resulting in a more conservative assessment of the expected implementation costs. We also expect this policy revision to benefit consumers by making the tool simpler to use, which should support engagement and decision-making.

3.283 Our position, as set out in CP25/39, therefore remains unchanged.

Equality and diversity statement

3.284 We do not consider that this regulatory framework will 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

3.285 We anticipate that future Financial Lives Survey results will reflect some of the impact of the new regime. This includes improvements in metrics such as consumer use of websites or tools, understanding of pension value and contributions, and ability to make changes. This will help assess whether the rules are achieving intended outcomes.

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.

CP26/17: Collective Investment Schemes Sourcebook (Cryptoasset Exchange Traded Note) Instrument 2026

21Shares

Adam Gregory

Blackrock

Financial Services Consumer Panel

Franklin Templeton

GFO-X Limited

Investment Association

Investment Company Institute

London Stock Exchange

UK Depositary Association

Cryptoasset Activities (Periodic and Application Fees) Instrument 2026

CryptoUK

Disclosure of Climate-Related Financial Information (Asset Manager and Asset Owner) (Amendment) Instrument 2026

abrdn Fund Managers Limited

Aegon UK

Alternative Investment Management Association

The Association of British Insurers

Aviva plc

European Association for Investors in Non-Listed Real Estate Vehicles

European Association of Sustainability Rating Agencies

Federated Hermes Limited

Fidelity International

Financial Services Consumer Panel

Hargreaves Lansdown

Hymans Robertson LLP

Impax Asset Management

Institutional Investors Group on Climate Change

The Investment Association

Investment Company Institute

Investment Consultants Sustainability Working Group

Lane Clark & Peacock LLP

LGPS Central Limited

M&G

Man Group plc

MHA Audit Services LLP

MSCI

The National Farmers' Union Mutual Insurance Society Limited

Nest Corporation

Neuberger

Pacific Asset Management

Pensions UK

Personal Investment Management & Financial Advice Association

Quilter plc

Rathbones Group plc

Real Estate: UK

Royal London Mutual Insurance Society

Schroders

T. Rowe Price International

UN Principles for Responsible Investment

UK Private Capital

UK Sustainable Investment and Finance Association

Universities Superannuation Scheme Ltd

WeeFin

West Midlands Pension Fund

Zurich Assurance Ltd

CP26/17: Financial Promotion (Notification of Cryptoasset Approval) Instrument 2026

Gateway 21

Crypto UK

21 Shares

Zeyro

CP26/19: Decision Procedure and Penalties Manual (Cryptoassets) (Amendment) Instrument 2026

City of London Law Society Regulatory Committee

Chainalysis Inc

Financial Services Lawyers Association (FSLA)

Holovachov Private Office

CP25/39: Pensions Projections Exemption Instrument 2026

Association of Consulting Actuaries

Enhance Support Solutions

Fidelity

Hargreaves Lansdown

Investment & Life Assurance Group

Isio

Legal & General

Money and Pensions Service

Moneybox

My Time Pension

Penfold Savings

PensionBee

Royal London

Scottish Widows

Seccl

Smart Pension

The Investing and Saving Alliance

The National Farmers Union Mutual Insurance Society

The Pensions Administration Standards Association

The Society of Pension Professionals

Utmost Life and Pensions

Zurich Assurance

CP25/39: Conduct of Business (Interactive Pension Simulations) Instrument 2026

Bespoke Retirements

Criterion Tec

Enhance Support Solutions

Ferret Information Systems

Fidelity

Hargreaves Lansdown

IFGL Pensions

Interactive Investor

Investment & Life Assurance Group

Isio

Legal & General

Life Moments

Moneybox

Money and Pensions Service

Monzo

My Time Pension

National Farmers Union Mutual Insurance Society

Paul McBride

Penfold Savings

PensionBee

Pensions UK

Plain Numbers

Prosper Savings

Raindrop

Retirement Goal Planner

Royal London

Scottish Widows

Seccl Custody

Smart Pension

Standard Life

The Investing and Saving Alliance

The Pensions Administration Standards Association

The Society of Pension Professionals

Utmost Life and Pensions

Which?

Zurich Assurance

Handbook Notice 144

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 30 July 2026, 11 September 2026 and 24 September 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

Email: firm.queries@fca.org.uk

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

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 0790 or email publications_graphics@fca.org.uk or write to Editorial and Digital Department, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

12 Endeavour Square, London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk