


Handbook Notice No.47

September 2017

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1 Overview

Legislative changes

- 1.1 On 12 September 2017, the Board of the Financial Conduct Authority made changes to the Handbook in the instruments listed below.

CP	Title of instrument	Instrument No.	Changes effective
<u>N/A</u>	Handbook Administration (No 47) Instrument 2017	2017/50	13.9.2017; 12.11.2017; 17.11.2017; 4.12.2017; 3.1.2018; 1.3.2018
<u>17/14</u>	Training and Competence Sourcebook (Qualifications Amendments No 16) Instrument 2017	2017/51	13.9.2017
<u>17/6</u>	Conduct of Business (Disclosure Amendment) Instrument 2017	2017/52	13.9.2017
<u>16/30</u>	Pension Schemes (Disclosure of Transaction Costs and Administration Charges) Instrument 2017	2017/53	3.1.2018
<u>17/6</u>	Listing Rules (Corporate Governance Code) Instrument 2017	2017/55	13.9.2017
<u>17/12</u>	Fees (Payment Services) Instrument 2017	2017/56	13.10.17; 13.1.18

Summary of changes

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

Feedback on responses to consultations

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



FCA Board dates for 2017 and 2018

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

October	19
November	8 and 9
December	6 and 7
January	18
February	22
March	22
April	26
May	24
June	28
July	26
September	27
October	25
November	15
December	13

2 Summary of changes

- 2.1 This chapter briefly describes changes to the FCA Handbook and other material made by the Board on 12 September 2017. 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/pru/Pages/publications/default.aspx

Handbook Administration (No 47) Instrument 2017 (FCA 2017/50)

- 2.2 The Board has made minor changes to various modules of the FCA Handbook, as listed below. They were not consulted on because they are minor amendments which correct or clarify existing provisions, or



are the subject of a direction which does not require prior consultation. None of these changes represents any alteration in FCA policy.

Glossary

SYSC 1 Annex 1, 3, 4, 6 and 10

COND 2

FEES 13

IPRU(INV) 5

COBS 10A and 19

CASS 6 and 8

SUP 10C Annex 2D, 3D and 5D, 12 Annex 4R and 13

Annex 2R

DISP 1 Annex 1R, 1BR and 2G

2.3 This instrument also makes changes to material outside the Handbook, namely the Perimeter Guidance manual (**PERG**) and the **Reader's Guide**.

2.4 In summary, the amendments this month are as follows:

- Change to the Glossary definition of 'client' originating from instrument FCA 2013/68.
- Changes to cross references in the definitions of 'common platform organisational requirements' and 'remuneration' originating from instrument FCA 2017/36.
- Consequential changes to update cross references in SYSC 3.2.6D and 6.3.4G and PERG 3A.4, 15.4 and 15.5 to the Money Laundering Regulations 2017 (see instrument FCA 2017/49).
- Change to clarify a cross reference in SYSC 4.3A.7R(2)(b)(i) to the Glossary definition of 'EU CRR'.
- Changes to clarify and correct the operation/application of SYSC 10 in our Handbook and the related provisions in the MiFID Org Regulation.
- Update to COLUMN A of Table A: Application of the common platform requirements in SYSC 1 Annex 1 to clarify that SYSC 10.1.12G applies as guidance to a common platform firm other than to a UCITS investment firm.
- Removal of a Glossary hyperlink in COND 2.4.4G(2)(e)(ii) to reflect the fact that 'client money' is not defined for the purposes of COND.
- Change to correct a grammatical error in COND 2.7.12G originating from instrument FCA 2013/22.
- Consequential changes to FEES 13.2.4R(2)(b) and 13 Annex 1R to clarify IML levy rates for 2017/18 (see instrument FCA 2017/32).



- Minor changes to (IPRU(INV)) 5.9.1R to add italicised Glossary hyperlinks to 'securities' and 'regulated collective investment schemes' in line with what was consulted on in CP15/19.
- Change to remove a duplicate provision number added to COBS 10A.7 in instrument FCA 2017/39.
- Correction to a cross reference in COBS 19.
- Change to a cross reference in CASS 8.1.2AR to update it from CASS 7.2.5R which was last in force 31/05/2015.
- Correction to a cross reference in CASS 6.4.1D originating from instrument FCA 2017/39.
- Addition of text to SUP 12 Annex 4R form relating to appointed representatives undertaking structured-deposit regulated activities (see instrument FCA 2017/39).
- Change to clarify that arrangements to facilitate access to MTF/OTFs do not need to be provided 'with immediate effect' in the Notice of intention to provide arrangements to facilitate the access to an MTF or an OTF from another EEA State under the Markets in Financial Instruments Directive (MiFID) form in SUP 13 Annex 2R.
- Changes to forms in SUP 10C to add the SMF 24 (COO) function and a new PR for outsourcing. These changes mirror those being made by the PRA (see PRA PS12/17), so that firms can use the same form irrespective of the regulator to which it is submitted.
- Changes to DISP in line with amendments to Gabriel to remove the validation restricting firms from completing both columns A and B of Table 3 or 6 of the complaints return (DISP 1 Annex 1R). From 17 November 2017 firms will be able to submit data in both columns if they are conducting both provision and intermediation activities. They will also be required to publish a summary of this data (DISP 1 Annex 1BR) if the threshold requiring publication in DISP 1.10A is met.
- Change to DISP 1 Annex 2G to clarify that the DISP 1.1A requirements for MiFID investment firms (introduced in FCA 2017/39) do not apply to a designated finance platform in relation to complaints about providing specified information.
- Update to the Handbook Reader's Guide to reference our recently-made Product Governance sourcebook (PROD) under 'Business Standards'.



- 2.5 These changes come into force on **13 September 2017** except as follows:
- Part 2 of Annex H (SUP) comes into force on **12 November 2017**
 - Part 1 of Annex I (DISP) comes into force on **17 November 2017**
 - Part 3 of Annex H (SUP) comes into force on 4 **December 2017** immediately after the amendments to SUP 13 made by the Markets and Organisational Requirements (MiFID 2) Instrument 2017 (FCA 2017/38) come into force
 - Part 2 of Annex A (Glossary of definitions), Part 2 of Annex B (SYSC), Part 1 of Annex F (COBS), Part 2 of Annex G (CASS) and Part 2 of Annex I (DISP) come into force on **3 January 2018** immediately after the following amendments come into force: (a) the amendments to the Glossary made by the Glossary (MiFID 2) Instrument 2017 (FCA 2017/36); (b) the amendments to SYSC and COBS made by the Markets and Organisational Requirements (MiFID 2) Instrument 2017 (FCA 2017/38); and (c) the amendments to CASS and DISP made by the Conduct, Perimeter Guidance and Miscellaneous Provisions (MiFID 2) Instrument 2017 (FCA 2017/39), and
 - Part 2 of Annex F (COBS) comes into force on **1 March 2018** immediately after the amendments to COBS made by the Conduct of Business Sourcebook (Pension Annuity Comparator) Instrument 2017 (FCA 2017/30) come into force.

Training and Competence Sourcebook (Qualifications Amendments) Instrument 2017 (FCA 2017/51)

- 2.6 Following consultation in CP17/14¹, the FCA Board has made changes to the FCA Handbook modules listed below:

**Glossary
TC Appendix 4.1**

- 2.7 In summary this instrument makes changes to help ensure that the relevant markets function well, and to help secure an appropriate level of protection for consumers. In particular, by keeping our TC sourcebook requirements up-to-date, these proposals support consumers by making sure the financial services workforce is appropriately qualified and well regulated.
- 2.8 This instrument comes into force on **13 September 2017**. Feedback is published in Chapter 3 of this Notice.

¹ CP17/14 'Quarterly Consultation Paper No. 17' (June 2017)



Conduct of Business (Disclosure Amendment) Instrument 2017 (FCA 2017/52)

- 2.9 Following consultation in CP17/6², the FCA Board has made changes to the FCA Handbook modules listed below:

COBS 4 and 14
MCOB 7

- 2.10 In summary this instrument makes changes to clarify that firms can provide information in addition to standardised disclosure documents and also give them discretion about how they describe the risks relating to interest-only mortgages.
- 2.11 This instrument comes into force on **13 September 2017**. Feedback was published in a separate Policy Statement.

Pension Schemes (Disclosure of Transaction Costs and Administration Charges) Instrument 2017 (FCA 2017/53)

- 2.12 Following consultation in CP16/30³, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary
COBS 19

- 2.13 In summary this instrument makes changes to enable governance bodies of relevant pension schemes to protect the interests of pension scheme members by enabling them to obtain information to assess transaction costs and judge whether these represent value for money.
- 2.14 This instrument comes into force on **3 January 2018**. Feedback will be published in a separate Policy Statement.

Listing Rules (Corporate Governance Code) Instrument 2017 (FCA 2017/55)

- 2.15 Following consultation in CP17/6⁴, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary
LR App 1.1 and TR 13

- 2.16 In summary this instrument makes changes to ensure that our rules enable issuers to report against the correct version of the Financial

² CP17/6 'Quarterly Consultation Paper No. 16' (March 2017)

³ CP16/30 'Transaction cost disclosure in workplace pensions' (October 2016)

⁴ CP17/6 'Quarterly Consultation Paper No. 16' (March 2017)



Reporting Council's (FRC's) UK Corporate Governance Code in line with their annual accounting period. The changes also ensure issuers comply with the FRC's decision that the new Code should apply for accounting periods beginning on or after 17 June 2016.

- 2.17 This instrument comes into force on **13 September 2017**. Feedback is published in Chapter 3 of this Notice.

Fees (Payment Services) Instrument 2017 (FCA 2017/56)

- 2.18 Following consultation in CP17/12⁵, the FCA Board has made changes to the FCA Handbook modules listed below:

Glossary FEES 3, 4, TP 17

- 2.19 In summary this instrument makes changes to introduce application charges to enable firms to submit applications in advance of the second Payment Services Directive.
- 2.20 This instrument comes into force on **13 October 2017 and 13 January 2018**. Feedback was published in PS17/15⁶.

3 Consultation feedback

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

CP17/14 Quarterly Consultation Paper No. 17 - Changes to the Training and Competence sourcebook (TC)

Training and Competence Sourcebook (Qualifications Amendments No 16) Instrument 2017

Background

- 3.2 The Training and Competence sourcebook (TC) sets out the qualification requirements for individuals carrying out certain retail activities, for example, advising on retail investment products. It also contains a list of appropriate qualifications for these different activities. We consult for

5 [CP17/12 'FCA regulated fees and levies: rates proposals 2017/18' \(April 2017\)](#)

6 [PS17/15 'FCA regulated fees and levies 2017/18' \(July 2017\)](#)

one month for changes to the appropriate qualifications tables. We also consult on changes to qualification providers' and accredited bodies' names.

Summary of proposals

3.3 In CP17/14⁷ we proposed updating the name of one existing qualification in Part 2 of TC App 4:

- The listing of CFA Institute's Claritas Investment Certificate to reflect its current name: 'The CFA Institute Investment Foundations Certificate'.

3.4 We also proposed adding the following new qualification to the appropriate qualifications list in Part 2 of TC App 4:

- Chartered Institute for Securities and Investment (CISI) - we proposed to add the 'Certificate in Pension Transfers and Planning Advice (when combined with an RDR compliant qualification for activities 4 and 6)' as being appropriate for TC activity 11 (key 1).

3.5 We also proposed:

- Deleting a duplicate entry of the 'Certificate in Equity Release' so that only the 'Certificate in Equity Release (Formerly known as Certificate in Financial Planning and Lifetime Mortgages)' will appear in the appropriate qualifications table. We proposed to list this as appropriate for TC activities 21 and 22 (key 1) and TC activity 23 (keys 4, 5, 6).
- Updating both the appropriate qualification listing and the accredited bodies Glossary definition for the Institute of Financial Planning to reflect its merger with the Chartered Institute of Securities and Investment on 1 November 2015.
- Correcting an error on the exam standards webpage⁸ following the Appropriate Examination Standards (AES) review. The AES relevant to regulated activities 3 and 13 is ApEx 30 (RDR Specialist Standards Derivatives including Application Standards), and for regulated activities 2 and 12, ApEx 31 (RDR Specialist Standards Securities including Application Standards). We had erroneously listed these AES as applying to activities 2 and 3 only. This does not involve a change to our policy and we proposed to update the webpage to correct the error.

Feedback

7 [CP17/14 'Quarterly Consultation Paper No. 17' \(June 2017\)](#)

8 www.fca.org.uk/firms/training-competence/examination-standards



3.6 We received no responses to our proposals and so will proceed to make the changes as proposed.

Cost benefit analysis and compatibility statement

3.7 The cost benefit analysis remains as published in CP17/14. Also, our view on the compatibility statement remains unchanged.

Equality and diversity issues

3.8 We continue to believe that these changes do not adversely impact any of the groups with protected characteristics, i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

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

CP17/6 Quarterly Consultation Paper No. 16 - Smarter Consumer Communications: changes to COBS and MCOB

Conduct of Business (Disclosure Amendment) Instrument 2017

Background

3.10 Our Smarter Consumer Communications initiative seeks to improve the quality of firms' communications with consumers. In our Discussion Paper (DP15/15)⁹, we asked stakeholders if there were any Handbook requirements that prevent or inhibit firms from effectively communicating important information to consumers.

3.11 In our Feedback Statement (FS16/10)¹⁰, we identified several areas where we could help firms improve their communications. As part of this, in Quarterly Consultation Paper No. 16 (CP17/6)¹¹, we consulted on three small changes to our rules and guidance. We proposed:

- new guidance (COBS 14.2.18G) clarifying that firms can give consumers information in addition to standardised disclosure documents (COBS 14.2.1R)
- clarifying that firms should not over-disclose information and that instead, to comply with the fair, clear and not misleading rules, firms need to give consumers a proportionate and appropriate amount of information (COBS 4.5.5G), and

9 DP15/5 'Smarter consumer communications' (June 2015)

10 FS16/10 'Smarter Consumer Communications' (October 2016)

11 CP17/6 'Quarterly Consultation Paper No. 16' (March 2017)



- removing the prescribed risk warnings on annual statements for interest-only mortgage customers (MCOB 7.5.3)

Feedback

- 3.12 One trade body and one firm responded to our proposed changes to COBS 14.2 2. Both supported our proposals and welcomed the increased clarity and flexibility they provide.
- 3.13 They also encouraged us to improve our disclosure rules by standardising fees and charges terminology and developing standardised consumer risk profiles.
- 3.14 We received no responses to our proposed changes to COBS 4.5.5G.
- 3.15 One trade body responded to our proposed changes to MCOB 7.5.3R and MCOB 7.5.4R. They were supportive and believed the changes would allow lenders to tailor their disclosure to the needs of their borrowers.

Our response

- 3.16 We will proceed to make the changes to COBS 14.2, COBS 4.5.5G, MCOB 7.5.3R and MCOB 7.5.4R as consulted on in CP17/6.

Cost benefit analysis and compatibility statement

- 3.17 The cost benefit analysis and compatibility statement in CP17/6 remain valid.

Equality and diversity issues

- 3.18 We believe that the proposals do not adversely impact any of the groups with protected characteristics.
- 3.19 The changes made by this instrument are listed in Chapter 2 of this Notice.

CP17/6 Quarterly Consultation Paper No. 16 - Minor amendments to the LR

Listing Rules (Corporate Governance Code) Instrument 2017

Background

- 3.20 In Chapter 5 of our March 2017 Quarterly Consultation Paper (QCP)¹² we consulted on some minor changes to the Glossary and the Listing Rules (LR), including:
- amending the definition of the UK Corporate Governance Code in the Glossary and LR Appendix 1, and
 - amending the LR to include some transitional provisions
- 3.21 We are now providing feedback on these proposals which were consulted on for a two month period. This Notice does not address the proposed changes to the

12 [CP17/6 'Quarterly Consultation Paper No 16' \(March 2017\)](#)



Prospectus Rules (PR) which we also consulted on in Chapter 5 of the QCP. These have since been published in the July Handbook Notice (No. 46)¹³.

Summary of proposals

- 3.22 In our consultation, we proposed minor changes to the Glossary and the LR in line with the revision of the UK Corporate Governance Code (the Code).
- 3.23 The new edition of the Code published by the Financial Reporting Council (FRC) in April 2016 (2016 Code) makes changes to the following provisions:
- C.3.1 has been expanded to provide that the audit committee as a whole shall have competence relevant to the sector in which the company operates.
 - C.3.7 has been revised to remove the provision that FTSE 350 companies should put the external audit contract out to tender at least every 10 years.
 - C.3.8 (description of the work of the audit committee in discharging its responsibilities) has been updated to include providing advance notice of any retendering plans in relation to the external auditor.
- 3.24 We consider the requirements within LR to report against the Code and the specific references within LR and the Disclosure Guidance and Transparency Rules sourcebook (DTR) to Code provisions following these changes remain appropriate and up to date. As a result we did not propose any consequential changes to the LR and DTR to reflect these updated provisions.
- 3.25 We proposed to update the definition of the Code in the Glossary and LR Appendix 1 to refer to the 2016 Code. We also proposed to introduce some transitional provisions in the LR to account for the application provisions of the 2016 Code.

Feedback

- 3.26 We received two responses to our consultation.
- 3.27 Both responses received to Q5.3; "Do you agree with the proposal to amend the definition of the UK Corporate Governance Code in the Glossary and LR Appendix 1?" were supportive, with one stating the necessity for the LR to refer to the latest Code.
- 3.28 Both responses received to Q5.4 ; "Do you agree with our proposed transitional provisions in LR?" were supportive of our proposal. One

13 ['Handbook Notice 46' \(July 2017\)](#)



respondent suggested a minor change. It stated that as the 2016 Code applies to accounting periods on or after 17 June 2016, the proposed transitional provisions in the LR should be amended to provide that the September 2014 UK Corporate Governance Code should apply to accounting periods ending “on or before’ 16 June 2016”. This change would clarify that the Code also applies to those accounting periods which end on 16 June 2016.

Our response

- 3.29 We are making our changes to the Glossary and the LR as proposed in the QCP subject to an amendment to the transitional provisions. Following an update to the FRC website, we are also updating the url to the UK Corporate Governance Code.
- 3.30 We believe that the consultation response proposing this minor change is a logical one to make and we have changed the transitional provisions accordingly.

Cost benefit analysis and compatibility statement

- 3.31 In Chapter 5 of the QCP, we provided a statement on cost benefit analysis and a compatibility statement.
- 3.32 We consider that our assessments remain valid. Therefore, in relation to the LR, the cost benefit analysis and compatibility statement published in the QCP remain unchanged.

Equality and diversity issues

- 3.33 We continue to consider that the changes outlined in Chapter 5 of the QCP in relation to the LR do not give rise to any equality or diversity concerns.
- 3.34 The changes made by this instrument are listed in Chapter 2 of this Notice.

4 Additional information

Making corrections

- 4.1 The FCA reserves the right to make correctional or clarificatory amendments to the instruments made at the Board meeting without further consultation should this prove necessary or desirable.



Publication of Handbook material

- 4.2 This Notice is published on the FCA website and is available in hardcopy.
- 4.3 The formal legal instruments (which contain details of the changes) can be found on the FCA's website listed by date, reference number or module at www.handbook.fca.org.uk/instrument. The definitive version of the Handbook at any time is the version contained in the legal instruments.
- 4.4 The changes to the Handbook are incorporated in the consolidated Handbook text on the website as soon as practicable after the legal instruments are published.
- 4.5 The consolidated text of the Handbook can be found on the FCA's website at www.handbook.fca.org.uk/. A print version of the Handbook is available from The Stationery Office's shop at www.tsoshop.co.uk/Financial-Conduct-Authority-FCA/.
- 4.6 Copies of the FCA's consultation papers referred to in this Notice are available on the FCA's website.

Obligation to publish feedback

- 4.7 This Notice, and the feedback to which Paragraph 1.3 refers, fulfil for the relevant text made by the Board the obligations in sections 138I(4) and (5) and similar sections of the Financial Services and Markets Act 2000 (the Act). These obligations are: to publish an account of representations received in response to consultation and the FCA's response to them; and to publish (where applicable) details of any significant differences between the provisions consulted on and the provisions made by the Board, with a cost benefit analysis and a statement under section 138K(4) of the Act if a proposed altered rule applies to authorised persons which include mutual societies.

Comments

- 4.8 We always welcome feedback on the way we present information in the Handbook Notice. If you have any suggestions, they should be sent to handbookproduction@fca.org.uk (or see contact details on the back cover).



Handbook Notice 47

This Handbook Notice describes the changes to the Handbook and other material made by the Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 12 September 2017.

It also contains 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:

Emily How

Tel: 020 7066 2184

Email: emily.how@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

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