


Handbook Notice No.56

June 2018

Contents

1.	<u>Overview</u>	<u>2</u>
2.	<u>Summary of changes</u>	<u>3</u>
3.	<u>Consultation feedback</u>	<u>11</u>
4.	<u>Additional information</u>	<u>26</u>

How to navigate this document onscreen

 returns you to the contents list



1 Overview

Legislative changes

- 1.1 On 24 May 2018, the Board of the Financial Conduct Authority made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No.	Changes effective
<u>17/21</u>	Listing Rules (Sovereign Controlled Commercial Companies) Instrument 2018	FCA 2018/27	1.7.18

- 1.2 On 28 June 2018, the Board of the Financial Conduct Authority made the relevant changes to the Handbook as set out in the instruments listed below.

CP	Title of instrument	Instrument No.	Changes effective
<u>N/A</u>	Handbook Administration (No 49) Instrument 2018	FCA 2018/28	29.6.18; 1.7.18; 1.4.19
<u>17/17;</u> <u>18/5</u>	Benchmarks Regulation (Amendment) Instrument 2018	FCA 2018/29	29.6.18
<u>18/10</u>	Periodic Fees (2018/19) and Other Fees Instrument 2018	FCA 2018/30	2.7.18
<u>18/10</u>	Fees (Miscellaneous Amendments) (No 11) Instrument 2018	FCA 2018/31	2.7.18
<u>18/10</u>	Fees (Single Financial Guidance Body Levy) Instrument 2018	FCA 2018/32	2.7.18
<u>18/8</u>	Fees (Payment Systems Regulator) Instrument (No 7) 2018	FCA 2018/33	29.6.18
<u>18/6</u>	Capital Requirements Directive IV and Bank Recovery and Resolution Directive Instrument 2018	FCA 2018/34	29.6.18
<u>18/6</u>	Payment Services Instrument 2018	FCA 2018/35	29.6.18

Summary of changes

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

Feedback on responses to consultations

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

FCA Board dates for 2018

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

July	26
September	27
October	25
November	15
December	13

2 Summary of changes

- 2.1 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 24 May and 28 June 2018. 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



Listing Rules (Sovereign Controlled Commercial Companies) Instrument 2018 (FCA 2018/27)

2.2 Following consultation in Consultation Paper (CP) 17/21¹, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary

FEES 3 Annex 12R and 4 Annex 14R

DEPP 6

**LR 1, 3, 5, 7, 8, 9, 10, 10 Annex 1G, 11, 12, 18 and
Appendix 1**

2.3 It also adds the following new section to the Handbook: **LR 21**.

2.4 In summary, this instrument makes changes to the Handbook to introduce a new premium listing category for sovereign controlled commercial companies. For this new category, we have modified certain requirements of the Listing Rules that can present practical obstacles for companies that are controlled by a sovereign country but which are able to comply with all other aspects of the premium listing regime.

2.5 This instrument comes into force on **1 July 2018**. Feedback has been published in a separate Policy Statement².

Handbook Administration (No 49) Instrument 2018 (FCA 2018/28)

2.6 The Board has made minor changes to various modules of the FCA Handbook, as listed below. These changes were not consulted on separately because they are minor amendments which correct or clarify existing provisions which have previously been consulted on. None of these changes represents any alteration in FCA policy.

Glossary

SYSC 1 Annex 1 and SYSC 20

GEN TP 3

FEES 6

BIPRU 1 and 1 Annex 1D

INSPRU Schedule 1

IPRU(FSOC) 7

IPRU(INS) 3 and 11

COBS 11 and 11 Annex 1EU

MCOB 4 and TPs 1, 4 and 5

MAR 1

SUP 16, 16 Annex 21R and 21 Annex 1G

2.7 This instrument also makes changes to material outside the Handbook, namely the Energy Market Participants guide (**EMPS 1**), the Oil Market

Participants guide (**OMPS 1**), the Service companies guide (**SERV 1**) and the Perimeter Guidance manual (**PERG 2, 7 and 10**).

2.8 In summary the amendments this month are as follows:

- Restatement of 'group of connected clients' in the Glossary as it was erroneously deleted by instrument FCA 2013/79. The definition is still used in IFPRU and also in the Glossary definition of 'large exposures'.
- Changes to correct cross reference errors originating in instrument FCA 2015/28 in the definition of 'advising on conversion or transfer of pension benefits', PERG 2.7.16GG and 2.7.16HG.
- Updates to the definition of 'community benefit society' so that it no longer refers to the Industrial and Provident Societies Act 1965 or the Industrial and Provident Societies Act (Northern Ireland) 1969.
- Change to the definition of 'relevant credit exposures' to fix a drafting error originating in instrument FCA 2014/23 so that sub-paragraph (b) also refers to Part Three, Title IV, Chapter 2 of the EU CRR as well as to Part Three, Title V, Chapter 5.
- Deletion of the definition of 'non-EEA direct insurer' from the Glossary and also of other locally-defined terms in IPRU(FSOC) and IPRU(INS) which are now redundant because they are no longer referred to in those sourcebooks. We have also deleted a connected provision from the reporting schedule (Schedule 1.3) in INSPRU where the deleted 'non-EEA direct insurer' appears and made changes to IPRU(FSOC) to restructure the remaining local definitions to make them easier to use.
- Changes to SYSC 1 Annex 1 to clarify the application to a common platform firm other than to a UCITS investment firm of certain rules in SYSC 4.3A. These changes make clear that the rules in this column of the table do not apply as such to an AIFM investment firm that is not a CRR firm.
- Deletion of a cross reference to 'insurance group' in SYSC 20.2.2R in line with the deletion of the definition itself from the Glossary in instrument FCA 2015/16. We have also deleted part of Note 2 at SUP 16.12.33R as it refers to this redundant definition.
- Changes to appropriately mark time-limited/no longer applicable transitional provisions in GEN TP 3 (Table 2), MCOB TP 1.1, 4 and 5.1 as either [expired] or [deleted].
- Deletion of FEES 6.5A.3G in line with the deletion of FEES 6.5A.2R (by instrument FCA 2018/22).

¹ CP17/21 'Proposal to create a new premium listing category for sovereign controlled companies' (July 2017)

² PS18/11 'Sovereign controlled companies: Feedback to CP17/21 and Final Rules' (June 2018)



- Deletion of BIPRU 1.3.7D, 1.3.8D, 1.3.9D and 1 Annex 1D as the advanced measurement approach no longer applies to BIPRU firms. These provisions should have been deleted alongside BIPRU 1.3.14D in instrument FCA 2013/76.
- Change to delete an erroneous 'been' from COBS 11.4.3AEU and also to fix a copy-out error in COBS 11 Annex 1 (RTS 28).
- Change to amend the cross reference in MCOB 4.7A.25R(2) from (1) (d) to (1)(c). This was a typographical error originating in instrument FCA 2012/46.
- Necessary updates to the list of Takeover Code provisions in MAR 1.10.5G to reflect a new version of that Code having come into force.
- Changes to SUP 16.10 in line with updates made in instrument FCA 2018/20 to replace references to 'standing/static data' with 'firm details' in line with an FCA-wide change to refer to 'firm details' instead of 'standing/static data'.
- Change to SUP 16 Annex 21R to enable firms to correctly report retirement interest-only mortgages. The standard PSD return contains validation in the 'term' field so that firms do not leave this blank. As a retirement interest-only mortgage does not have a set term we have removed the validation and added a code so that firms can report retirement interest-only mortgages as a type of mortgage.
- Changes to SUP 21 Annex 1G, EMPS 1, OMPS 1 and SERV 1 to update/remove outdated references in relation to alternative trading systems, transaction reporting and waivers (in relation to the pre-MiFID 1 domestic transaction reporting regime).
- Changes to the certification forms A, B and C under PERG 7.6.2G in line with the GDPR. We have also made some minor updates to these forms for house style and plain language.

2.9 These changes came into force on **29 June 2018** except as follows:

- Part 2 of of Annex P, which comes into force on **1 July 2018** immediately after the changes made by the Financial Conduct Authority (Change of Address) Instrument 2018 (FCA 2018/21) comes into force; and
- Annex D (Amendments to the Fees manual (FEES)) which comes into force on **1 April 2019**.

Benchmarks Regulation (Amendment) Instrument 2018 (FCA 2018/29)

2.10 Following consultation in CP17/17 and CP18/5³, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary
PRIN 1 and 3
SYSC 1, 1 Annex 1G, 4, 4 Annex 1G, 5, 14 and TP 6
COCON 1
COND 1
APER 2
FIT 1
GEN 4 and 7
FEES 3, 3 Annex 1R and 3R, 4, 4 Annex 1AR, 2AR, 11AR and 15R
MCOB 3
MAR 8 and TP 1
SUP 2, 3, 10A, 10A Annex 4D and 8D, 10C, 10C Annex 5D, 11, 15 and 16
DEPP 2, 2 Annex 1G and 2G, and Schedules 3 and 4
DISP 1, 1 Annex 2G and 2
CREDS 2 and 10
BENCH 1 and 2
PERG 2

2.11 This instrument adds the following new sections to the Handbook: **FEES TP 17AR, SUP 15B and TP 10, and BENCH 2.2 and 2.3.**

2.12 The instrument also makes changes to material outside the Handbook, namely adding the following new section to the Enforcement Guide: **EG 19.37.**

2.13 In summary, this instrument makes changes to the Handbook required to make it consistent with the EU Benchmarks Regulation (BMR) and to enable us to supervise benchmark administrators or contributors and to enforce the BMR.

2.14 This instrument came into force on **29 June 2018**. Feedback relating to the CP18/5 consultation is published in Chapter 3 of this Notice.

Periodic Fees (2018/19) and Other Fees Instrument 2018 (FCA 2018/30)

2.15 Following consultation in Consultation Paper (CP) 18/10⁴ the FCA Board has made changes to the FCA Handbook sections listed below:

³ CP17/7 'Handbook changes to reflect the application of the EU Benchmarks Regulation' (June 2017)
 CP18/5 'EU Benchmarks Regulation Implementation (DEPP and EG)' (February 2018)

⁴ CP18/10 'FCA Regulated fees and levies: Rates proposals 2018/19' (April 2018)



FEES 4, 4 Annex 2AR, 4 Annex 2BR, 4 Annex 4R, 4 Annex 5R, 4 Annex 10R, 4 Annex 11R, 4 Annex 14R, 4 Annex 15R, 5 Annex 1R, 7 Annex 1R, 7 Annex 2R, 10, 10 Annex 1R, 11 Annex 1R, 13 Annex 1R and App 1 Annex 1R

2.16 In summary, this instrument enables us to raise fees to recover our own 2018/19 funding requirement, so that we can meet our statutory objectives, and to recover the 2018/19 funding requirements for the:

- Financial Ombudsman Service general levy
- Money Advice Service money advice, and debt advice services
- Department for Work and Pensions Pension Wise service, and
- Treasury's illegal money lending function.

2.17 This instrument comes into force on **2 July 2018**. Feedback will be published in a separate Policy Statement.

Fees (Miscellaneous Amendments) (No 11) Instrument 2018 (FCA 2018/31)

2.18 Following consultation in Consultation Paper (CP) 18/10⁵, the FCA Board has made changes to the FCA Handbook sections listed below:

FEES 3, 3 Annex 9R, 4, 4 Annex 1AR, 4 Annex 11AR, 4 Annex 11BR, 4 Annex 13G and TP 8

2.19 In summary, this instrument makes changes to the Handbook to bring special project fees in line with those charged by the PRA, to clarify the definition of income used as a tariff base for consumer credit, RIEs and benchmark administrators, and to ensure that the rules for the payment of fees by credit cards reflect current practice and the requirements of recent legislation.

2.20 This instrument comes into force on **2 July 2018**. Feedback will be published in a separate Policy Statement.

Fees (Single Financial Guidance Body Levy) Instrument 2018 (FCA 2018/32)

2.21 Following consultation in Consultation Paper (CP) 18/10⁶, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary

⁵ CP18/10 'FCA Regulated fees and levies: Rates proposals 2018/19' (April 2018)

⁶ CP18/10 'FCA Regulated fees and levies: Rates proposals 2018/19' (April 2018)

**FEES 1 and 2
CREDS Sch 3**

2.22 This instrument adds the following new sections to the Handbook: **FEES 7A, 7A Annex 1R, 7 Annex 2R and 7A Annex 3R.**

2.23 In summary, this instrument enables us to raise fees to recover the 2018/19 funding requirements for the Single Financial Guidance Body, which will bring together the Money Advice Service, the Pensions Advisory Service and Pension Wise, so that it can be set up this autumn. However, this is subject to confirmation on a launch date. Currently it is expected to be no earlier than autumn 2018.

2.24 This instrument comes into force on **2 July 2018**. Feedback will be published in a separate Policy Statement.

Fees (Payment Systems Regulator) Instrument (No 7) 2018 (FCA 2018/33)

2.25 Following consultation in Consultation Paper (CP) CP18/8⁷, the FCA Board has made changes to the FCA Handbook sections listed below:

**Glossary
FEES 9 and 9 Annex 1R**

2.26 In summary, this instrument makes changes to the Handbook to further simplify our regulatory fees regime, and to make finishing touches to it following more substantive changes to the fees collection process and fees allocation methodology, which we implemented in December 2017 and March 2018 respectively.

2.27 This instrument came into force on **29 June 2018**. Feedback has been published in a separate Policy Statement⁸.

Capital Requirements Directive IV and Bank Recovery and Resolution Directive Instrument 2018 (FCA 2018/34)

2.28 Following consultation in Consultation (CP)18/6 (Quarterly Consultation Paper No 20)⁹ the FCA Board has made changes to the FCA Handbook sections listed below:

IFPRU 3 and 11

2.29 It also adds a new section to IFPRU: **IFPRU TP 9.**

⁷ CP18/8 'PSR regulatory fees – Decisions on the approach to the allocation and collection of PSR regulatory fees from 2018/19, and further consultation on related matters' (March 2018)

⁸ PS18/12 'PSR regulatory fees: Further decisions on the new PSR regulatory fees regime' (June 2018)

⁹ CP18/6 'Quarterly Consultation: No 20' (March 2018)



2.30 In summary, this instrument makes changes to the Handbook to ensure that all rules on contractual recognition of bail-in are consistent and in one place, to promote clarity for firms and groups within the scope of IFPRU 11 and ensure continued compliance with the Recovery and Resolution Directive (RRD). The instrument also sets out the large exposure limits for the transitional arrangements in the Capital Requirements Regulation (CRR) incorporated by Regulation (EU) 2017/2395 of 12 December 2017. The transitional provision will be a benefit to those firms choosing to apply it, smoothing the transition to the new requirements, and will ensure continued compliance with the CRR.

2.31 This instrument came into force on **29 June 2018**. Feedback is published in Chapter 3 of this Notice.

Payment Services Instrument 2018 (FCA 2018/35)

2.32 Following consultation in (CP)18/6 (Quarterly Consultation Paper No 20)¹⁰ the FCA Board has made changes to the FCA Handbook section listed below:

SUP 16

2.33 It also adds two new sections to SUP: **SUP 16 Annex 27G and 16 Annex 27H**.

2.34 In summary, this instrument makes changes to the Handbook to ensure compliance with the European Banking Authority Guidelines on security measures for operational and security risks under the revised Payment Services Directive, the requirements of Regulation 98 of the Payment Services Regulations 2017 and with the Payment Systems and Services and Electronic Money (Miscellaneous Amendments) Regulations 2017. Specifically, we have introduced a reporting framework to discharge obligations under the Payment Services Regulations.

2.35 This instrument came into force on **29 June 2018**. Feedback is published in Chapter 3 of this Notice.

¹⁰ CP18/6 'Quarterly Consultation: No 20' (March 2018)

3 Consultation feedback

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

CP17/17 and PS17/28: Handbook changes to reflect the application of the Benchmarks Regulation

CP18/5: EU Benchmarks Regulation Implementation (DEPP and EG)

Benchmarks Regulation (Amendment) Instrument 2018

Background

3.2 The EU Benchmarks Regulation (BMR)¹¹ aims to prevent harm to users of financial instruments, financial contracts or investment funds that reference benchmarks. It largely replaces the existing UK regulation of certain specified benchmarks and applies to a much wider range of indices. The BMR has applied from 1 January 2018, and we have now approved a number of applications for authorisation or registration as benchmark administrators. All administrators will need to apply for authorisation or registration by the end of the transitional period on 1 January 2020.

3.3 We needed to change our Handbook to make it consistent with the BMR. Mostly this involved removing domestic rules that were superseded by the BMR. However, those rules will continue to apply to the administrators of, and submitters to, the benchmarks we already regulate until their administrators become authorised or registered under the BMR. We have maintained some domestic rules where they are needed for our supervision of benchmark administrators or contributors, or to enforce the BMR.

3.4 We consulted on proposed changes to the Handbook in our Consultation Paper CP17/17.¹² Our Policy Statement PS17/28¹³ provided our feedback on the responses we received. PS17/28 contained near-final draft rules,

¹¹ 'Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016' (OJ L171, 29.06.16, p.1)

¹² CP17/17 'Handbook changes to reflect the application of the EU Benchmarks Regulation' (June 2017)

¹³ PS17/28 'Handbook changes to reflect the application of the EU Benchmarks Regulation: Feedback to CP17/17 and near-final rules' (December 2017)



as the legislative framework for our Handbook changes was not yet in place.

- 3.5 We consulted in CP18/5¹⁴ on proposed amendments to the Decision Procedure and Penalties manual (DEPP) and the Enforcement Guide (EG). We proposed to amend DEPP to set out the decision making procedure for authorisation, registration, recognition and endorsement decisions in line with Treasury's implementing Statutory Instrument (SI).¹⁵ We have specified decision makers for these decisions and for the decisions to impose sanctions or requirements under the SI. The proposed amendments to EG set out how we will use our new powers over miscellaneous benchmark persons (MBMPs) under the SI, applying our current penalty policy and general enforcement approach. Our amendments to DEPP and EG are identical to those consulted on in CP18/5, except that (a) a new cross reference to SUP 15B, which provides guidance on the use of our new requirement power, is inserted in EG; and (b) the proposed changes to DEPP 2.5.18(6) and DEPP Annex 2 relating to recognition and endorsement orders have not been included and will be made at a later time.
- 3.6 After publication of the near-final rules, we received further feedback from two of the CP respondents. Both are price-reporting agencies (PRAs), which are firms with a media background that include commodity price indices in their trade publications. We have also engaged with the other PRAs that responded to CP17/17, and we have continued to discuss the rules in the course of interactions with other interested stakeholders.
- 3.7 Responses to CP18/5 raised concerns about aspects of the powers granted to us by the SI.

Feedback

CP17/17 and PS17/28: Handbook changes to reflect the application of the EU Benchmarks Regulation

- 3.8 The two PRAs said that the points covered in their initial responses to CP17/17 had not all been adequately addressed by the changes and explanations provided in PS17/28.
- 3.9 They said that there should be no extra rules applied to them over and above the BMR, and that it is inappropriate to apply rules designed for financial services firms to media firms. They also said that they did not think that the cost benefit analysis (CBA) in CP17/17 adequately reflected the impact the application of the Handbook would have on PRAs. They raised a number of particular concerns about specific

aspects of the Handbook, particularly the conduct rules in PRIN, APER and COCON.

CP18/5: EU Benchmarks Regulation Implementation (DEPP and EG)

Powers over Miscellaneous Benchmark Persons

- 3.10 Some respondents noted that the concept of MBMPs does not appear in the BMR. They raised concerns about the breadth of the definition of MBMPs and our powers over them under the SI, and our proposed approach to the use of these powers as described in CP18/5. They argued that the definition and powers are disproportionate, and unnecessary to the implementation of the BMR. The respondents raised these concerns specifically in the context of commodity benchmarks. They were concerned that the SI and our proposals fail to take account of the specific regime applicable to these benchmarks, their contributors and outsourcing service providers under Annex II of the BMR and the International Organisation of Securities Commissions' (IOSCO's) international standards.
- 3.11 Two respondents raised specific 'gold-plating' concerns about our power to impose requirements on MBMPs under regulation 6 of the SI. They argued that article 41 of the BMR, which this regulation implements, is cast narrowly, such that the power is available to national competent authorities (NCAs) only 'in order to fulfil their duties under [the BMR]'. By contrast, regulation 6 of the SI also gives us the power to impose requirements on MBMPs 'if it appears to the FCA that it is desirable ... [to do so] ... to advance any of its operational objectives'. One of the respondents also argued that, while article 41 of the BMR explicitly requires NCAs 'to have in place adequate and effective safeguards in regard to ... fundamental rights', the SI does not contain such a provision.
- ##### **Powers over Miscellaneous Benchmark Persons – Impact assessment**
- 3.12 Three of the respondents criticised the lack of impact assessment by the Treasury and the FCA, and argued that the Treasury's and our claims that the proposals will have little or no impact are mistaken and fail to give adequate consideration to the potential negative effects on the provision of commodity benchmarks, as well as the wider commodity markets. Specifically, they said that the SI and our proposals may dissuade contributors to commodity benchmarks from participating in the price assessment process, reducing the robustness of those benchmarks. In addition, the respondents were concerned that the proposals could negatively affect the cost and availability of outsourcing and other relevant services on which the administrators depend.

¹⁴ CP18/5 'EU Benchmarks Regulation Implementation (DEPP and EG)' (April 2018)

¹⁵ SI 2018/135, The Financial Services and Markets Act 2000 (Benchmarks) Regulations 2018



- 3.13 One respondent argued that the implementation of the proposed amendments to EG and DEPP would introduce inconsistency between EU regulatory authorities and could cause the commodity price formation process in different jurisdictions to operate under inconsistent rules and make it more difficult for benchmark administrators located in the UK to use the third-country regime in the BMR following the UK withdrawal from the EU.

Authorisation regime relating to non-UK benchmark administrators

- 3.14 One respondent argued that the SI, by overlaying the authorisation regime under the BMR with the UK authorisation regime under Part 4A of FSMA, interferes with the directly effective provisions of the BMR and so contravenes a fundamental principle of EU law. The respondent also raised two specific concerns: that the language of the SI unintentionally imposes UK authorisation requirements on non-UK EU entities and non-EU entities administering benchmarks in the UK through a UK branch; and that the transitional provisions in the SI operate differently from the transitional provisions under the BMR by failing to distinguish between EU and third country administrators.

Publication of FCA decisions

- 3.15 One respondent highlighted the importance of the publication of refusals of applications for authorisation or registration, and expressed a preference that such publication should be made by ESMA. The respondent noted that without such publication users of EU benchmarks may not have a way of immediately finding out that an administrator's application for authorisation or registration has been rejected and that they may need to stop using the benchmark or, if needed, communicate to the relevant NCA about the possible frustration of their contracts for the purposes of the article 51.4 BMR grandfathering provision.
- 3.16 The respondent also said that if ESMA or NCAs choose to publish information on refusals of applications of non-EU benchmarks for recognition or endorsement, it would be important to clarify that those publications are only for information purposes and that users can continue to use such benchmarks under BMR transitional provisions.
- 3.17 The respondent argued that public disclosure of ongoing applications would be important where the decision to authorise or refuse may not be made until after the end of the transitional period on 1 January 2020. This is because where an application for authorisation/registration is made before the end of the transitional period, the benchmark may be used after the end of the transitional period, until the application is decided.
- 3.18 The respondent further highlighted the importance of ensuring that users of benchmarks issued by administrators whose authorisation or

registration is withdrawn are promptly made aware of the withdrawal. They recommended that information about withdrawals should be shown clearly on the ESMA register, rather than the relevant administrators and their benchmarks simply being removed from the register.

Our response

CP17/17 and PS17/28: Handbook changes to reflect the application of the EU Benchmarks Regulation

- 3.19 We have reviewed the scope of the Handbook sections that will apply to administrators generally, and in particular to those commodity benchmark administrators, including PRAs, that are subject to the lighter regime in Annex II of the BMR. For the most part, we remain of the view set out in PS17/28 that the applicable sections are required to enable us to supervise and enforce compliance with the BMR.
- 3.20 We have considered carefully the examples the PRAs have provided of particular Handbook provisions that they believe conflict with their business model as media firms. We are not convinced that compliance with most of the Handbook that will apply to them will cause real problems. We have, however, looked again at the scope of Principle 11¹⁶, and we have decided to limit it in relation to Annex II administrators, to reflect the specific treatment of them under the BMR.
- 3.21 Unlike other administrators, those subject to Annex II of the BMR are not required by it to make proactive disclosures to their national competent authority. We have therefore included a rule that Principle 11 will not apply to the non-regulated activities of Annex II administrators, and included guidance that we expect them to disclose to us information related to their compliance with their obligations under the BMR. If an administrator with Annex II benchmarks carries on any other regulated activity – including administering other types of benchmark – then Principle 11 will apply to that firm in the normal way.
- 3.22 We understand and appreciate the concerns which have been raised with us about the impact of the regulatory requirements on media activities and journalists. It is not our intention that the applicable requirements should interfere with firms' abilities to carry on these activities. We will always apply those parts of the Handbook which will apply to benchmark administrators in a way that does not interfere with the rights and protections journalists have under applicable laws, and is compatible with the right to freedom of expression in the European Convention on Human Rights as implemented in the UK through the Human Rights Act 1998.

¹⁶ 'A firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which that regulator would reasonably expect notice.'



3.23 The application of parts of our wider Handbook to benchmark administrators is intended to assist us in our supervision and (if necessary) enforcement of the BMR. Our focus as a competent authority under the BMR is to ensure that each firm complies with the BMR requirements and standards that apply to it. We will apply the Handbook requirements to a Price Reporting Agency (PRA) subject to Annex II of the BMR in a way that is consistent with the lighter requirements and standards that apply to that PRA under the BMR. This means, for example, that we would not impose an obligation on such a PRA to have any kind of oversight function, as Annex II does not require one, and nor would we put obligations on contributors to an Annex II benchmark, as Annex II does not impose any.

CP18/5: EU Benchmarks Regulation Implementation (DEPP and EG)

Powers over Miscellaneous Benchmark Persons

3.24 The concerns raised about the definition of MBMPs and the scope of our powers relate to the SI rather than the FCA Handbook. This has been expressly acknowledged by some of the respondents. We cannot fetter our discretion by stating that we will not use our powers against certain classes of persons despite having the authority to do so.

3.25 It should, however, be noted that the powers referred to, other than the power to impose a requirement under regulation 6, can only be exercised when there has been a breach of a requirement imposed by or under the BMR or the SI. So while the definition of MBMPs is broad and our enforcement powers under the SI apply to all MBMPs, where no requirement has been imposed by or under BMR or the SI on the particular class of persons falling within the MBMP definition, our enforcement powers are in practice not relevant to these persons.

3.26 To the extent that the BMR and the SI do impose obligations, our proposals apply our current policy, decision making procedure and general approach to the exercise of these powers. We believe that our current approach provides us with an appropriate level of flexibility to take reasonable and proportionate action in light of the full circumstances of each case. We do not consider a bespoke approach for Annex II firms to be either necessary or appropriate, and no such alternative has been proposed by the respondents.

3.27 With respect to the power to impose requirements under regulation 6 of the SI, we think that we will generally only need to rely on the ground in regulation 6(1)(b) of the SI ('in order to advance any of [our] operational objectives') to supervise a non-authorized administrator in circumstances where we have permitted them to continue to provide a benchmark, under article 51(4) of the BMR. We cannot rule out the prospect of using the full breadth of the power in any circumstances. Instead we will consider each case on its merits.

3.28 We have therefore added guidance in the Supervision manual to clarify our understanding of the purpose of the power.

Powers over Miscellaneous Benchmark Persons – Impact assessment

3.29 We are not required under FSMA to publish a cost benefit analysis in respect of our proposed amendments to DEPP and EG as these amount to guidance only. We would not be able to fetter our discretion by stating that we will not exercise our powers against certain classes of MBMPs, as has been suggested by some respondents. No reasonable alternatives to our proposed approach have been provided by any of the respondents. Nevertheless, in order to address some of the concerns raised, we are proposing to provide additional guidance, as outlined in SUP15B on the use of our powers under regulation 6 of the SI.

Authorisation regime relating to non-UK benchmark administrators

3.30 We have not addressed concerns raised in relation to the legislative framework of the UK authorisation regime as these are a matter for the Treasury rather than the FCA.

3.31 To address concerns raised by the respondent relating to treatment of entities administering benchmarks through UK branches, however, we are introducing new guidance in PERG 2.4.10G, detailed below in paragraph 3.36.

Publication of FCA decisions

3.32 We recognise that it is important for supervised users of benchmarks to have timely information about refusals of applications for authorisation or registration of benchmark administrators. We will therefore usually publish such refusal decisions. Refusals of applications for endorsement and recognition do not have the same consequences for users during the transitional period, but we will follow the same approach in publishing information about these decisions.

3.33 In general we do not publicly reveal information about pending applications, and we do not plan to do so in this case. If an administrator plans to apply very late in the transitional period and wants to continue to provide benchmarks while we determine its application, then it will need to consider how it can assure users that they can continue to use its benchmarks.

3.34 We will also usually publish decisions to withdraw the authorisation or registration of an administrator in accordance with our published approach in EG 6. These withdrawals will be visible as part of the firm's regulatory history on our public register.



Other changes

3.35 We have made a number of further technical changes since the near-final rules to reflect developments including the finalisation of the SI.

3.36 We have added guidance to PERG to clarify two points:

- The activity of administering a regulated benchmark will always be regarded as being carried on 'by way of business'. This clarifies that the regulated activity applies to all benchmark administrators who are subject to the BMR.
- A firm must apply under the BMR according to where it is located, meaning where its registered office is, if it has one. So for example a German-registered firm administering benchmarks in their UK branch would have to apply under article 34 in Germany, and a Canadian-registered firm with a UK branch would have to apply as a third-country administrator.

3.37 We have amended the Statement of Responsibilities (SoR) form for third-country Relevant Authorised Persons to bring it into line with the SoR form for UK ones.

3.38 We have updated the rules so that they fit with the Handbook as it is now rather than as it was in December.

Cost benefit analysis

3.39 Since publishing our cost benefit analysis in CP17/17, we have made amendments to the rule changes we proposed at that time. Some of these were set out in PS17/28; some further amendments are explained above. The substantive changes relate specifically to the application of our rules to Annex II administrators. Broadly speaking, we consider that they reduce the requirements imposed on these firms. Therefore we would expect any effect these changes have on our original cost estimates to be a reduction.

3.40 On the other hand, two PRAs have commented that the cost benefit analysis in CP17/17 underestimated the impact on Annex II firms. We have therefore reviewed our cost benefit analysis in relation to Annex II firms by exploring the impacts of our final Handbook changes in discussions with five firms which expect to be subject to Annex II and responded to CP17/17 originally. Four of these firms are PRAs.

3.41 Our cost benefit analysis set out the benefits and the costs of applying our proposed rules in five key areas:

- the Senior Managers & Certification Regime and the Approved Persons' Regime (SM&CR & APR)
- the application of prudential requirements

- notification of suspicions of manipulation

- representations against compulsion, and

- the application of rules equivalent to the BMR to branches of third country firms which contribute data to benchmarks.

3.42 Only the first of these areas is relevant to Annex II benchmarks and their administrators.

3.43 The APR will enable us to hold appropriate people to account when enforcing the BMR. As explained below, the Senior Managers and Certification Regime (SM&CR) currently applies only to deposit takers and designated investment firms. It is therefore very unlikely, at the current time, to affect any administrators who are subject to Annex II. However, Parliament has amended the Financial Services and Markets Act 2000 to extend the SM&CR to all firms. Those changes have not yet been brought into force: as set out in PS17/28, we will consult on proposed changes to the SM&CR in relation to benchmark administrators.

3.44 Other rules and requirements that will apply to Annex II administrators (and others) are set out in PS17/28 (Chapter 4) and above.

3.45 Our cost benefit analysis in CP17/17 estimated that extra administrative costs resulting from our rule changes would be around £10,000 set-up costs, and the same amount as an ongoing annual cost. Of the five potential Annex II firms we spoke to, three either could not envisage ongoing costs relating to our rules or felt these would be insignificant. The other two firms expected costs to be significantly higher than our estimates (one suggested around £500,000 a year). Most firms were unable to separate set-up costs in relation to our rules from preparation for the BMR. One firm told us it had spent several hundred thousand pounds preparing for our rules.

3.46 On the basis of our discussions with Annex II firms, we consider that the administrative costs for a subset of them may be higher than our original estimate. The median setup and ongoing costs that the five potential Annex II firms self-reported is £50,000.

3.47 Even taking into account the higher median administrative costs reported by firms, we think the resulting financial burden is reasonable and proportionate to ensure adequate supervisory oversight and protection for consumers.

3.48 In discussions with some of the five potential Annex II firms, they also identified possible unintended consequences in relation to contributors of input data and to recruitment and retention of employees.



- 3.49 Two firms felt that contributors may stop submitting data to Annex II administrators because contributors believe our Handbook imposes requirements or obligations on them. This could lead to firms ceasing publication of some benchmarks, or restricting their use to keep them out of scope of regulated activity.
- 3.50 We do not consider that there is a major risk of contributors withdrawing because of our rules, since the rules do not impose any requirements on contributors to Annex II benchmarks in their capacity as such. Therefore, we do not consider there would be a material negative impact on the integrity of the UK financial system.
- 3.51 In line with 3.10 and 3.11 above, all the firms that we spoke with which had data contributors expressed concern that the powers over miscellaneous benchmarks persons (MBMP powers) granted to us by the SI might lead some contributors to stop contributing. However, since the risk above relates to the SI as opposed to our rules, any assessment of the impacts of the MBMP powers is a matter for HM Treasury and is therefore not a material consideration for our cost benefit analysis. As set out at 3.24 to 3.28 above, we have, in any case, clarified the circumstances in which we envisage using these powers, to ensure contributors understand their likely use.
- 3.52 Additionally, some firms were concerned that our rules and the MBMP powers would harm recruitment and retention, because of employees' concern at being subject to financial regulation and possible sanctions. Again, the impacts of the MBMP powers are a matter for HM Treasury and are therefore not a relevant consideration for our cost benefit analysis.
- 3.53 Currently, our proposed rules will generally apply only to the firm rather than to individual employees, with the exception of APER. APER applies only to individuals who require approval under the APR. Where firms are subject to Annex II and do not carry out any other regulated activities, we would only expect a very small number of senior individuals at a benchmark administrator to require such approval. Where firms are subject to the SM&CR, the application in relation to employees is wider. At present, however, the SM&CR applies only to deposit takers and designated investment firms, and so not to benchmark administrators unless they carry on those other regulated activities. As noted in 3.38 above, we intend to consult on the extension of the SM&CR to benchmark administrators later this year.
- 3.54 We recognise that there will be a degree of uncertainty in relation to the extension of the SM&CR. This remains subject to consultation and we urge any firms with concerns relating to its impacts, including those subject to Annex II, to engage with and respond to our consultation once it is published.

Equality and diversity issues

- 3.55 We have considered the equality and diversity issues that may arise from our proposals. We continue to believe that the proposals do not adversely impact any of the groups with protected characteristics ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 3.56 The changes made by this instrument are listed in Chapter 2 of this Notice.

CP18/6: Quarterly Consultation Paper No 20 – Chapter 2

Capital Requirements Directive IV and Bank Recovery and Resolution Directive (Amendment) Instrument 2018

Background

- 3.57 In Consultation Paper (CP) 18/6¹⁷ we proposed three changes to our Handbook relating to prudential policy. We proposed changes to rules in the Prudential sourcebook for Investment Firms (IFPRU) 3.2 (Capital) and 11.5 (Intra-group Financial Support); and we proposed to introduce a new transitional provision (TP), IFPRU TP 9 (Large Exposure Limits).

Feedback

- 3.58 We received no feedback in response to Chapter 2 of CP18/6.

Our response

- 3.59 We intend to proceed with the changes as originally proposed in the CP.

Cost benefit analysis and compatibility statement

- 3.60 When proposing new rules, we are required under section 138I of the Financial Services and Markets Act 2000 (FSMA) to publish an analysis of costs and benefits, unless we believe the rules will lead to insignificant or no costs at all.
- 3.61 Our consultation, CP14/15¹⁸ already included an analysis of the incremental impact of the overall Recovery and Resolution Directive (RRD) package in terms of its effect on firms and markets within our remit. The proposed changes to IFPRU 3.2 and IFPRU 11.5 are part of this package, and we therefore do not consider that a further cost benefit analysis is required.

¹⁷ CP18/6 'Quarterly Consultation No 20' (March 2018)

¹⁸ CP14/15 'Recovery and Resolution Directive' (August 2014)



3.62 Similarly, CP13/6¹⁹ 'CRD IV for investment firms' already included an analysis of the incremental impact of the overall Capital Requirements Directive (CRD) package in terms of its effect on firms and markets within our remit. The transitional provision in IFPRU TP 9 amends an existing Capital Requirements Regulation (CRR) provision, which formed part of this package, allowing institutions to benefit from such transitional arrangement. As we cannot estimate how many firms will use the transitional provision, and considering it is a benefit for firms, we cannot reasonably estimate the benefits. These remain unchanged.

Equality and diversity issues

3.63 As stated in Chapter 2 of CP18/6, we have considered the equality and diversity issues that may arise from our proposals. We continue to believe that the proposals do not adversely impact any of the groups with protected characteristics ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

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

CP18/6: Quarterly Consultation Paper No 20 – Chapter 5

Payment Services Instrument 2018

Background

3.65 In Consultation Paper (CP) 18/6²⁰ we consulted on changes to our Supervision manual (SUP) to implement the European Banking Authority (EBA) Guidelines on security measures for operational and security risks under the revised Payment Services Directive (PSD2) and to implement the requirements of Regulation 98 of the Payment Services Regulations 2017 (PSRs 2017). We also consulted on proposed changes to our Guidance to reflect the Payment Systems and Services and Electronic Money (Miscellaneous Amendments) Regulations 2017 (PSSRs 2017).²¹ This chapter contains our feedback on responses to CP18/6.

Operational and security risks under PSD2

3.66 Under PSD2, payment service providers (PSPs) are required to establish a framework with appropriate mitigation measures and control mechanisms to manage operational and security risks relating to the payment services they provide. PSD2 placed a mandate on

the EBA to produce Guidelines on Security Measures for Operational and Security Risks under PSD2 (the EBA Guidelines)²² and required national competent authorities to implement this requirement and introduce reporting obligations. The relevant provisions of PSD2 were implemented in the UK through Regulation 98 of the PSRs 2017.

3.67 In CP18/6, we proposed to direct that PSPs comply with the EBA Guidelines and introduce guidance on this. We also proposed reporting requirements as a result of Regulation 98 of the PSRs 2017.

Consequential changes to our guidance

3.68 On 30 November 2017, HM Treasury laid before Parliament the PSSRs 2017. These Regulations make amendments to various UK Regulations, including the PSRs 2017 and the Electronic Money Regulations 2011 (EMRs 2011). We consulted on proposed changes to our Approach Document, resulting from the PSSRs 2017.

Feedback

3.69 We received 4 responses to our consultation. Most respondents agreed with our proposals and as a result we have only made minor changes to our proposed REP018 reporting form (the reporting form) and our Guidance. We have not amended our other proposals.

3.70 In CP18/6 we asked:

Q5.1 Do you agree with our proposed changes to Chapter 16 of our Supervision manual? Specifically, do you agree with the proposed directions to PSPs

- *to comply with the EBA Guidelines published 12 December 2017, and*

- *regarding the form, content and frequency of reporting?*

If not, please explain why not and suggest an alternative approach.

3.71 We proposed to amend the Supervision manual (SUP) to direct that PSPs comply with the EBA Guidelines to develop and maintain an operational and security risk management framework and to direct the form, content and frequency of reporting to us on operational and security risk management.

3.72 Of those who responded, the majority agreed with the proposed changes to Chapter 16 of SUP (SUP 16). Respondents asked us:

19 CP13/6 'CRD IV for Investment Firms' (July 2013)
20 CP18/6 'Quarterly Consultation Paper No 20' (March 2018)
21 <http://www.legislation.gov.uk/ukxi/2017/1173/contents/made>

22 <https://www.eba.europa.eu/-/eba-publishes-final-guidelines-on-security-measures-under-psd2>



- to clarify the timelines for reporting and to require regular, six-monthly, reports
- whether branches of European Economic Area (EEA) firms are required to report to us, and
- about access to Gabriel for reporting purposes.

3.73 In light of the feedback received we will adopt our proposed amendments to SUP16, requiring at least annual reporting, with the ability to report more frequently, up to a maximum of once per quarter, if PSPs wish to. We think this will allow PSPs to provide us with reports when information is most pertinent. We also confirm that if an EEA firm establishes a branch in the UK in exercise of its passporting rights under PSD2, the branch will be required to report to us using the reporting form.²³ Currently only payment institutions, not electronic money institutions, have access to Gabriel.

3.74 In CP18/6 we asked:

Q5.2 *Do you agree with our proposed reporting form and guidance in Chapter 13 of the Approach Document? If not, please explain why not and suggest an alternative approach.*

3.75 We proposed a reporting form that requires submission to us of two documents (risk assessment and assessment of the adequacy of the resulting mitigation measures and control mechanisms) to comply with Regulation 98 of the PSRs 2017. We also proposed to provide more guidance on this reporting requirement in Chapter 13 of the Approach Document.

3.76 Most respondents agreed with our proposals. One respondent thought that the reporting form should be limited to questions 1 to 5, which directly relate to the operational and security risk reports required by the PSRs 2017. One respondent asked us to give more guidance on what we expect risk assessments to include.

3.77 We do not agree that our reporting form must be limited only to ask questions directly resulting from the EBA Guidelines. Regulation 98 of the PSRs 2017 requires us to direct the form, manner and content of operational and security risk reports independent from the EBA Guidelines. The reporting form we have proposed enables us to efficiently exercise our supervisory functions under the PSRs 2017. However, in the interest of practicality and proportionality, we have removed questions 6 and 7 of the reporting form in response to feedback we have received. We do not agree that more detail on the

content of risk assessments would be beneficial, since we expect the content of risk assessments to vary between PSPs.

3.78 In CP18/6 we asked:

Q5.3 *Do you agree with our proposed change to the Approach Document to add Chapter 18 on operational and security risks? If not, please explain why not and suggest an alternative approach.*

3.79 We proposed the addition of a new Chapter 18 of the Approach Document, highlighting areas where we have identified the potential for particular operational and security risk concerns. This covers, amongst other things, the use of agents, outsourcing and risk assessments under the EBA Guidelines.

3.80 Three respondents commented on this question. Two agreed with our proposals, while one disagreed, but did not explain why. Respondents suggested specific amendments to Chapter 18 to require PSPs to review best practice standards and that guidance should cover Guideline 9.5 of the EBA Guidelines, which requires PSPs to provide payment service users with the option to receive alerts on initiated and/or failed attempts to initiate payment transactions.

3.81 As a result of another response we received, we have amended the proposed Chapter 18 Guidance in the Approach Document to reference the UK Finance, Electronic Money Association, Financial Data and Technology Association and techUK 'voluntary guidelines and encouraged market behaviours under PSD2 in the 'transitional period'.²⁴ However, we do not agree with other drafting suggestions as we do not intend to compel PSPs to comply with voluntary best practice standards. Guideline 9.5 of the EBA Guidelines is sufficiently clear and does not require FCA guidance.

3.82 In CP18/6 we asked:

Q5.4 *Do you agree with the changes we are proposing to make to our Approach Document as a result of the amendments made to the PSRs 2017 and EMRs 2011 by the PSSRs 2017? If not, please explain why not and suggest an alternative approach.*

3.83 We proposed consequential amendments to our Approach Document to reflect changes made by the PSSRs 2017. The changes concerned amendments to Chapter 5 of the Approach Document to reflect the fact that registered account information services providers may

²³ See Regulation 63(1)(b) of the PSRs 2017 <http://www.legislation.gov.uk/ukxi/2017/752/regulation/63/made>

²⁴ <https://www.ukfinance.org.uk/wp-content/uploads/2018/01/Voluntary-Guidelines-and-Encouraged-Market-Behaviours-Under-PSD2-FINAL.pdf>



appoint agents. The changes also included changes to Chapter 10 of the Approach Document to reflect the fact that the proceeds of an insurance policy or guarantee held as a safeguarding method may be paid into a safeguarding account held in accordance with the segregation method.

- 3.84 Three respondents commented on this question. Two respondents agreed with our proposals, while one respondent disagreed, but did not explain why. On the basis of these responses we are content that our Guidance is appropriate and requires no amendment.

Cost benefit analysis and compatibility statement

- 3.85 These changes were proposed under the PSRs 2017 and EMRs 2011. Our proposed directions regarding the obligations on PSPs and the form and manner of reporting are made under Regulation 98 and 109 of the PSRs 2017. Our proposals for issuing guidance are made under Regulations 120 of the PSRs 2017 and 60 of the EMRs 2011.

- 3.86 Although we were not required to publish a cost benefit analysis in relation to the exercise of our powers under the PSRs 2017, we are required under the PSRs 2017 and EMRs 2011 to have regard to the principle that a burden or restriction imposed on any person should be proportionate to the benefits. We set out our considerations and conclusions, which remain valid, in the CP.

Equality and diversity issues

- 3.87 In the CP we considered the equality and diversity issues that may arise from the proposals we made. We do not consider that the proposals adversely impact any of the groups with protected characteristics (ie age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation).
- 3.88 One response to our consultation agreed with our view that none of the proposals we set out in Chapter 5 of CP18/6 adversely impacts any of the groups with protected characteristics identified above. No other responses commented on this.
- 3.89 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 1.4 refers, fulfil for the relevant text made by the Board the obligations in sections 138I(4) and (5) and similar sections of the Financial Services and Markets Act 2000 (the Act). These obligations are: to publish an account of representations received in response to consultation and the FCA's response to them; and to publish (where applicable) details of any significant differences between the provisions consulted on and the provisions made by the Board, with a cost benefit analysis and a statement under section 138K(4) of the Act if a proposed altered rule applies to authorised persons which include mutual societies.

Handbook Notice 56

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 24 May and 28 June 2018.

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:

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Tel: 020 7066 2184

Email: emily.how@fca.org.uk

Colin Shields

Tel: 020 7066 0671

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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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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, 25 The North Colonnade, Canary Wharf, London E14 5HS