


Handbook Notice No 66

May 2019

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1 Overview

Legislative changes

- 1.1 On 30 May 2019, 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>18/24</u>	Supervision Manual (Reporting No 10) Instrument 2019	FCA 2019/70	31.5.19

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.

FCA Board dates

- 1.4 The table below lists forthcoming FCA board meetings for 2019. These dates are subject to change without prior notice.

June	27
July	25
September	26
October	24
November	21
December	12



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 30 May 2019. 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 <https://www.bankofengland.co.uk/news/prudential-regulation>.

Supervision Manual (Reporting No 10) Instrument 2019 (FCA 2019/70)

- 2.2 Following consultation in Consultation Paper (CP) 18/24, the FCA Board has made changes to the FCA Handbook sections listed below:

SUP 16

- 2.3 In summary, this instrument makes changes to ensure the accuracy of capital adequacy reporting.
- 2.4 This instrument comes into force on 31 May 2019. Feedback has been 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.

CP 18/24: Quarterly Consultation Paper No 22

Supervision Manual (Reporting No 10) Instrument 2019 (FCA 2019/70)

Background

- 3.2 We collect regulatory data to inform and support our supervision of firms. Our data reporting requirements are set out in the FCA Handbook, predominantly in the Supervision manual (SUP). We use



internal feedback and feedback directly from firms to clarify and improve these requirements.

- 3.3 Although the FCA guidance on form FSA056 (Capital Adequacy for Authorised Payment Institutions) copied out the calculation in the 2017 Payment Services Regulations, the calculation resulted in the wrong outcome when capital requirements were calculated. There was also an error in the validation rule in GABRIEL. The redrafted guidance on the calculation and associated GABRIEL validation rule reflects the EU Commission interpretation of the calculation which leads to the right outcome.
- 3.4 In September 2018, we proposed amendments to parts of Chapter 16 of the Supervision Manual. It was discovered that firms who submitted their capital adequacy calculation via GABRIEL received the wrong outcome for their capital requirements. The Consultation Paper sought to amend our guidance notes and the associated GABRIEL rule to ensure the calculation used in the FSA056 form is correct.
- 3.5 Element 32B in form FSA056 requires the reporting of an Authorised Payment Institution's own funds requirement if they are using Method C to calculate it. The current validation rule in GABRIEL and the guidance in SUP 16 Annex 27D on how to calculate Element 32B result in the wrong outcome.
- 3.6 We are therefore changing both the validation rule within GABRIEL and the wording in our guidance to clarify how the calculation should be completed. Firms should perform the following calculation for Element 32B:

'Element 32B: This figure is calculated by multiplying Element 30B and Element 31B'.

Feedback

- 3.7 No feedback was submitted by firms regarding Consultation Paper (CP) 18/24.

Our response

- 3.8 We are making no alterations to our proposed changes as set out in CP18/24 because we received no feedback to the consultation.

Cost benefit analysis and compatibility statement

- 3.9 The cost benefit analysis and compatibility statement from the consultation paper has not changed because we have made no alterations following the consultation process.

Equality and diversity issues

- 3.10 In the CP, we said that we do not consider that the proposals 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. We think our analysis on these points remains valid because we have not made any changes to the proposal set out in the CP.

4 Additional information

Making corrections

- 4.1 The FCA reserves the right to make corrective 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. The definitive version of the Binding Technical Standards is the EU version as in force at Exit Day, as amended by the published FCA legal instrument.
- 4.4 The changes to the Handbook and to the Technical Standards are incorporated in the consolidated Handbook and Binding Technical Standards 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 1.6 refers, fulfil for the relevant text made by the Board the obligations in section 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).

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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 30 May 2019.

It also contains information about other publications relating to the Handbook and Technical Standards 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 and Technical Standards can be addressed to:

Jainisha Kanzaria

Tel: 020 70669644

Email: jainisha.kanzaria@fca.org.uk

However, queries on specific requirements in the Handbook and Technical Standards 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

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