

Handbook Notice No 67

June 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>CP18/20</u>	Mortgages and Home Finance (Peer to Peer) Instrument 2019	FCA 2019/75	4.6.19
<u>CP18/20</u>	Operating an Electronic System in Relation to Lending (Peer-to-Peer Lending) Instrument 2019	FCA 2019/69	9.12.19
<u>CP19/11</u>	Enforcement (EU Securitisation Regulation) (No 2) Instrument 2019	FCA 2019/74	6.6.19
<u>CP18/42</u>	Personal Current Accounts and Overdrafts Instrument 2019	FCA 2019/71	18.12.19, 6.4.20
<u>CP18/43</u>	Buy Now Pay Later Instrument 2019	FCA 2019/72	12.9.19, 12.11.19
<u>CP19/7</u>	Listing and Disclosure Sourcebooks (Shareholder Rights Directive) Instrument 2019	FCA 2019/73	10.6.19
<u>CP19/7</u>	Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019	FCA 2019/68	10.6.19



- 1.2 On 27 June, 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>CP18/38</u>	Conduct of Business (Contracts for Difference) Instrument 2019	FCA 2019/78	1.8.19; 1.9.19
<u>CP19/16</u>	Periodic Fees (2019/20) and Other Fees Instrument 2019	FCA 2019/76	1.7.19
<u>CP19/16</u>	Periodic Fees (2019/20) and Other Fees (EU Exit) Instrument 2019	FCA 2019/77	Exit Day
<u>N/A</u>	Payment Services and Buy Now Pay Later (Administrative Amendments) Instrument 2019	FCA 2019/79	28.6.19 14.9.19 12.11.19

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 separate Policy Statements.

FCA Board dates

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

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 and 27 June 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>.

Mortgages and Home Finance (Peer to Peer) Instrument 2019

- 2.2 Following consultation in Consultation Paper (CP) 18/20¹, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary
MIPRU 5
MCOB 1
SUP 16, 16 Annex 19BG and 16 Annex 21R
CONC 1

- 2.3 This instrument also adds the following new section to the Handbook:
MCOB 15.
- 2.4 In summary, this instrument makes changes to the Handbook to apply the Mortgage and Home Finance Conduct of Business sourcebook (MCOB) and other Handbook requirements to P2P platforms that offer home finance products, where at least one of the investors is not an authorised home finance provider.
- 2.5 This instrument came into force on 4 June 2019. Feedback has been published in a separate Policy Statement.²

1 [CP18/20: Loan-based \('peer-to-peer'\) and investment-based crowdfunding platforms: Feedback on our post-implementation review and proposed changes to the regulatory framework \(July 2018\)](#)

2 [PS19/14 'Loan-based \('peer-to-peer'\) and investment-based crowdfunding platforms: Feedback to CP18/20 and final rules' \(June 2019\)](#)



Operating an Electronic System in Relation to Lending (Peer-to-Peer Lending) Instrument 2019

- 2.6 Following consultation in Consultation Paper (CP) 18/20³, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary
SYSC 1 Annex 1, 4, 6, 7 and Sch 1
COBS 4, 10 and 14

- 2.7 This instrument also adds the following new section to the Handbook:
COBS 18.12.

- 2.8 In summary, this instrument makes changes to the Handbook to introduce a package of rules and guidance to improve standards in the peer-to-peer sector.

- 2.9 This instrument comes into force on 9 December 2019. Feedback has been published in a separate Policy Statement.⁴

Enforcement (EU Securitisation Regulation) (No 2) Instrument 2019

- 2.10 Following consultation in Consultation Paper (CP) 19/11⁵, the FCA Board has made changes to the FCA Handbook sections listed below:

DEPP 2 Annex 1G and EG 19

- 2.11 In summary, this instrument makes changes to the Handbook to ensure that our Handbook is consistent with the directly applicable EU Securitisation Regulation, the implementing 2018 Regulations and the Exit SI.

- 2.12 This instrument came into force on 6 June 2019. Feedback has been published in a separate Policy Statement.⁶

Personal Current Accounts and Overdrafts Instrument 2019

- 2.13 Following consultation in Consultation Paper (CP) 18/42⁷, the FCA Board has made changes to the FCA Handbook sections listed below:

BCOBS 4 and 8

3 [CP18/20: Loan-based \('peer-to-peer'\) and investment-based crowdfunding platforms: Feedback on our post-implementation review and proposed changes to the regulatory framework \(July 2018\)](#)

4 [PS19/14 'Loan-based \('peer-to-peer'\) and investment-based crowdfunding platforms: Feedback to CP18/20 and final rules' \(June 2019\)](#)

5 [CP19/11: Securitisation \(Amendment\) \(EU Exit\) Regulations 2019 and Securitisation Regulations 2018 \(proposed changes to DEPP and EG\) \(March 2019\)](#)

6 [PS19/15: Securitisation \(Amendment\) \(EU Exit\) Regulations 2019 and Securitisation Regulations 2018 \(near final and final rules\) \(June 2019\)](#)

7 [CP18/42: High-Cost Credit Review: Overdrafts consultation paper and policy statement \(December 2018\)](#)



CONC TP 8 and 3

- 2.14 This instrument also adds the following new sections to the Handbook: **CONC 5C and 5D**.
- 2.15 In summary, this instrument makes changes to the Handbook to simplify the pricing of overdrafts, standardise how overdrafts are advertised, and require firms to develop a strategy to reduce repeat use of overdrafts.
- 2.16 This instrument comes into force on 18 December 2019 for Part 1 of Annex A and Part 1 of Annex B and 6 April 2020 for Part 2 of Annex A and Part 2 of Annex B. Feedback has been published in a separate Policy Statement.⁸

Buy Now Pay Later Instrument 2019

- 2.17 Following consultation in Consultation Paper (CP) 18/43⁹, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary CONC 3, 4, 6 and TP8

- 2.18 In summary, this instrument makes changes to the Handbook designed to address the harm experienced by consumers that use Buy Now Pay Later (BNPL) offers, by improving the information consumers receive about such offers, and preventing firms charging backdated interest on money that the consumer has repaid during the offer period.
- 2.19 This instrument comes into force on 12 September 2019 for Annex A and Part 1 of Annex B and 12 November 2019 for Part 2 of Annex B. Feedback has been published in a separate Policy Statement.¹⁰

Listing and Disclosure Sourcebooks (Shareholder Rights Directive) Instrument 2019

- 2.20 Following consultation in Consultation Paper (CP) 19/7¹¹, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary LR 9, 14, 16, 18 and 21 DTR 1B and TP 1

- 2.21 This instrument also adds the following new sections to the Handbook: LR TR 14, DTR 7.3 and 7 Annex 1.

⁸ [PS19/16: High-Cost Credit Review: Overdraft policy statement \(June 2019\)](#)

⁹ [CP18/43: High-Cost Credit Review: Feedback on CP18/12 with final rules and guidance and consultation on Buy Now Pay Later offers \(December 2018\)](#)

¹⁰ [PS19/17: Buy Now Pay Later offers – feedback on CP18/43 and final rules \(June 2019\)](#)

¹¹ [CP19/7: Consultation on proposals to improve shareholder engagement \(January 2019\)](#)



- 2.22 In summary, this instrument makes changes to the Handbook to ensure that our Handbook is consistent with the requirements of the Revised Shareholder Rights Directive (SRD II).
- 2.23 This instrument came into force on 10 June 2019. Feedback has been published in a separate Policy Statement.¹²

Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019

- 2.24 Following consultation in Consultation Paper (CP) 19/7¹³, the FCA Board has made changes to the FCA Handbook sections listed below:

Glossary
SYSC 10
COBS 1 Annex 1 and 18

- 2.25 This instrument also adds the following new sections to the Handbook:
SYSC 3.4 and COBS 2.2B.
- 2.26 In summary, this instrument makes changes to the Handbook to ensure that our Handbook is consistent with the requirements of the Revised Shareholder Rights Directive (SRD II).
- 2.27 This instrument came into force on 10 June 2019. Feedback has been published in a separate Policy Statement.¹⁴

Conduct of Business (Contracts for Difference) Instrument 2019

- 2.28 Following consultation in Consultation Paper (CP) 18/38¹⁵, the FCA Board has made changes to the FCA Handbook sections listed below:
- Glossary**
COBS 22
- 2.29 This instrument also adds the following new section to the Handbook:
COBS 22.5.
- 2.30 In summary, this instrument makes changes to the Handbook to reduce harm to retail consumers by ensuring that these CFDs and restricted options are not sold with excessive risk features, while still allowing sales to retail consumers who understand the risks and are capable of bearing potential trading losses. Retail consumers are expected to save between £267mn and £449mn per year from our measures.

12 [PS19/13: Proposals to promote shareholder engagement: Feedback to CP19/7 and final rules \(May 2019\)](#)

13 [CP19/7: Consultation on proposals to improve shareholder engagement \(January 2019\)](#)

14 [PS19/13: Proposals to promote shareholder engagement: Feedback to CP19/7 and final rules \(May 2019\)](#)

15 [CP18/38: Restricting contract for difference products sold to retail clients and a discussion of other retail derivative products \(December 2018\)](#)



- 2.31 Part 1 of Annex A and Part 1 of Annex B of this instrument come into force on 1 August 2019 and Part 2 of Annex A and Part 2 of Annex B of this instrument come into force on 1 September 2019. Feedback has been published in a separate Policy Statement.

Periodic Fees (2019/20) and Other Fees Instrument 2019

- 2.32 Following consultation in Consultation Paper (CP) 19/16¹⁶, the FCA Board has made changes to the FCA Handbook sections listed below:
- FEES 4, 4 Annex 2AR, 4 Annex 2BR, 4 Annex 4R, 4 Annex 5R, 4 Annex 10R, 4 Annex 11R, 4 Annex 11AR, 4 Annex 14R, 4 Annex 15R, 5 Annex 1R, 7, 7A Annex 1R, 7A Annex 2R, 7A Annex 3R, 7B Annex 1R, 10, 11 and 13 Annex 1R**
- 2.33 In summary, this instrument makes changes to the Handbook to raise fees to recover our own 2019/20 funding requirement to meet our statutory objectives, and to recover the 2019/20 funding requirements for the Financial Ombudsman Service general levy, the Department for Work and Pensions' Money and Pensions Service function, HM Treasury's Devolved Authorities debt advice function and HM Treasury's illegal money lending function.
- 2.34 This instrument comes into force on 1 July 2019. Feedback has been published in a separate Policy Statement.

Periodic Fees (2019/20) and Other Fees (EU Exit) Instrument 2019

- 2.35 Following consultation in Consultation Paper (CP) 19/16¹⁷, the FCA Board has made changes to the FCA Handbook sections listed below:
- FEES 4A, 4A Annex 1R, 4A Annex 2R, 7C, 7C Annex 1R, 7C Annex 2R, 7C Annex 3R, 7D, 7D Annex 1R, 13A, 13A Annex 1R.**
- 2.36 This instrument also adds the following new section to the Handbook:
FEES TP 22A.
- 2.37 In summary, this instrument makes changes to the Handbook to raise 2019/20 fees and levies under the Temporary Permissions Regime and the Financial Service Contracts Regime if by the 31 October 2019, the UK leaves the European Union without an agreement and transition period.

¹⁶ [CP19/16: FCA regulated fees and levies: Rates proposals 2019/20 \(April 2019\)](#)

¹⁷ [CP19/16: FCA regulated fees and levies: Rates proposals 2019/20 \(April 2019\)](#)



- 2.38 This instrument comes into force on Exit Day. Feedback has been published in a separate Policy Statement.

Payment Services and Buy Now Pay Later (Administrative Amendments) Instrument 2019

- 2.39 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:

**SUP 15, 16 Annex 27ED, 16 Annex 46AD and 16 Annex 46BG
CONC TP 8**

- 2.40 In summary, this instrument makes changes to the Handbook to make minor administrative amendments to several reporting rules related to payment services to ensure our forms and completion guidelines are clear and align with European Banking Authority Guidelines. The instrument also corrects a minor error in the transitional provisions to FCA 2019/72 – the correction comes into force immediately after the relevant provisions in that instrument.
- 2.41 Part 1 of Annex A to this instrument comes into force on 28 June 2019 and Part 2 of Annex A enters into effect on 14 September 2019, immediately after those changes made by the Payment Services Instrument 2017 (FCA 2017/54) and the Payment Services (Amendment) Instrument 2018 (FCA 2018/57) enter into effect. Annex B enters into effect on 12 November 2019, immediately after those changes made by Part 2 of Annex B to the Buy Now Pay Later Instrument 2019 (FCA 2019/72) enter into effect.

3 Additional information

Making corrections

- 3.1 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

- 3.2 This Notice is published on the FCA website and is available in hardcopy.
- 3.3 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.
- 3.4 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.
- 3.5 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/.
- 3.6 Copies of the FCA's consultation papers referred to in this Notice are available on the FCA's website.

Obligation to publish feedback

- 3.7 This Notice, and the feedback to which paragraph 1.5 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

- 3.8 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 and 27 June 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

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