


# Handbook Notice No 70

October 2019

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# 1 Overview

## Legislative changes

- 1.1 On 26 September, 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
<a href="#">CP19/18</a>	Overdrafts (Information and Tools) Instrument 2019	<a href="#">FCA 2019/86</a>	02.10.2019, 18.12.2019, 06.04.2019
<a href="#">CP18/41</a>	Mortgages (Regulatory Reporting) Instrument 2019	<a href="#">FCA 2019/88</a>	01.10.2020, 01.01.2021, 01.04.2021

- 1.2 On 24 October, 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
<a href="#">CP19/27</a>	Conduct of Business Sourcebook (Retirement Outcomes Review) (No 2) Instrument 2019	<a href="#">FCA 2019/91</a>	01.11.2019, 01.01.2020
<a href="#">CP18/39</a>	Supervision Manual (Reporting No 11) Instrument 2019	<a href="#">FCA 2019/93</a>	31.01.2020
<a href="#">CP19/27</a>	Fees (Miscellaneous Amendments) (No 14) Instrument 2019	<a href="#">FCA 2019/94</a>	31.10.2019



## Summary of changes

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

## Feedback on responses to consultations

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

## FCA Board dates for 2019/20

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

November	21	2019
December	12	2019
January	30	2020
February	27	2020
March	26	2020
April	30	2020
May	21	2020
June	25	2020
July	23	2020
September	30	2020
October	22	2020
November	26	2020
December	17	2020

## 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 26 September 2019 and 24 October 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>.

### ***Overdrafts (Information and Tools) Instrument 2019***

- 2.2 Following consultation in Consultation Paper CP19/18<sup>1</sup> the FCA Board has made changes to the FCA Handbook sections listed below:  
**BCOBS 7.1, 7.2, 7.6A, 7.7, 7 Annex 1, 8.1, 8.4, and TP 1**
- 2.3 In summary, this instrument improves transparency and raises awareness on firms' charging structures.
- 2.4 Part 1 of the Annex to this instrument came into force on 2 October 2019. Part 2 of the Annex to this instrument comes into force on 18 December 2019. Part 3 of the Annex to this instrument comes into force on 6 April 2020. Feedback has been published in a separate Policy Statement.<sup>2</sup>

### ***Mortgages (Regulatory Reporting) Instrument 2019***

- 2.5 Following consultation in Consultation Paper CP18/41<sup>3</sup> the FCA Board has made changes to the FCA Handbook sections listed below:  
**SUP 16.11, 16.12, 16 Annex 19AR, 16 Annex 19AAR, 16 Annex 19BG, 16 Annex 20G, 16 Annex 21R**
- 2.6 In summary, this instrument enables the FCA and PRA to carry out their objectives in a more informed and evidence-based manner, including identifying harms to consumers and competition, and monitoring macro-prudential risk in the housing market.
- 2.7 Part 1 of the Annex to this instrument comes into force on 1 October 2020. Part 2 of the Annex to this instrument comes into force on 1 January 2021. Part 3 of the Annex to this instrument comes into force on 1 April 2021. Feedback has been published in a separate Policy Statement.<sup>4</sup>

### ***Conduct of Business Sourcebook (Retirement Outcomes Review) (No 2) Instrument 2019***

<sup>1</sup> CP19/18 'Overdraft Pricing Remedies and Competition Remedies' (June 2019)

<sup>2</sup> PS19/25 'Overdraft Pricing Remedies and Competition Remedies' (October 2019)

<sup>3</sup> CP18/41 'FCA and PRA changes to mortgage reporting requirements' (December 2018)

<sup>4</sup> PS19/23 'FCA and PRA changes to mortgage reporting requirements' (September 2019)



- 2.8 Following consultation in Consultation Paper CP19/27<sup>5</sup>, the FCA Board has made changes to the FCA Handbook sections listed below:

**Glossary  
COBS 19.4 and 19.9  
TP2**

- 2.9 In summary, this instrument makes changes to some of our incoming rules, published in Appendix 1 to PS19/1<sup>6</sup>, on open market options statements (commonly known as 'wake-up' packs) and the annuity information prompt. We have made these changes to provide clarity for firms and to ensure that our rules deliver our policy intent.
- 2.10 This instrument comes into force on 1 November 2019, immediately after the changes in Part 1 of the Conduct of Business Sourcebook (Retirement Outcomes Review) Instrument 2019 (FCA 2019/4). Feedback has been published in Chapter 3 of this Notice.

***Supervision Manual (Reporting No 11) Instrument 2019***

- 2.11 Following consultation in Consultation Paper CP18/39<sup>7</sup>, the FCA Board has made changes to the FCA Handbook sections listed below:
- SUP 15.5, 15 Annex 3R, 16.10 and 16 Annex 16A**
- 2.12 In summary, this instrument strengthens compliance, increases accuracy of Firm Details and delivers several significant benefits.
- 2.13 This instrument comes into force on 31 January 2020. Feedback has been published in Chapter 3 of this Notice.

***Fees (Miscellaneous Amendments) (No 14) Instrument 2019***

- 2.14 Following consultation in Chapter 9 of Consultation Paper CP19/27<sup>8</sup>, the FCA Board has made changes to the FCA Handbook section listed below:
- FEES 4 Annex 2AR**
- 2.15 In summary, this instrument makes changes to the Handbook to ensure that Recognised Overseas Investment Exchanges that are also European Economic Area (EEA) market operators will pay the right level of periodic fees ahead of the UK leaving the European Union.

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<sup>5</sup> CP19/27 'Quarterly Consultation Paper' (September 2019)

<sup>6</sup> PS19/1 'Retirement Outcomes Review: feedback on CP18/17 and our final rules and guidance' (January 2019)

<sup>7</sup> CP18/39 'Quarterly Consultation Paper No 23' (December 2018)

<sup>8</sup> CP19/27 'Quarterly Consultation Paper' (September 2019)



- 2.16 This instrument comes into force on 31 October 2019. Feedback is published in Chapter 3 of this Notice.

## 3 Consultation feedback

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

### **CP19/27: Quarterly Consultation Paper No 25**

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#### ***Conduct of Business Sourcebook (Retirement Outcomes Review) (No 2) Instrument 2019***

##### Background

- 3.2 In CP18/17<sup>9</sup>, we consulted on a package of amendments to improve various at-retirement disclosures given to consumers by their pension providers. We finalised these changes in PS19/1, which we published on 28 January 2019.
- 3.3 Two of the disclosures our package of amendments cover are open market options statements - commonly known as 'wake-up' packs - and the annuity information prompt (information prompt).
- 'Wake-up' packs are intended to give consumers adequate information about their retirement options.
  - The information prompt helps inform consumers how much they could gain by shopping around and switching annuity provider.
- 3.4 The changes to our rules on 'wake-up' packs and the information prompt, finalised in PS19/1, come into force from 1 November 2019.
- 3.5 In Chapter 11 of CP19/27 we consulted on 2 proposed amendments to our incoming rules on 'wake-up' packs.
- We proposed an amendment to our rules to make it clear that a pension provider is not required to give a consumer a 'wake-up' pack when the consumer has requested payment of their pension savings

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<sup>9</sup> CP18/17 'Retirement Outcomes Review: Proposed changes to our rules and guidance' (June 2018)



as a serious ill-health lump sum, and the firm has not rejected that request.

- We proposed an amendment to our rules to clarify our expectations of firms in relation to the age-related triggers for the provision of 'wake-up' packs to consumers.

- 3.6 We proposed that these 2 changes would come into force from 1 November 2019.
- 3.7 We also proposed to amend our information prompt rules to ensure that, where a consumer refuses to answer questions about their health and lifestyle, the firm must still generate a market-leading pension annuity quote on a non-enhanced basis.
- 3.8 We proposed to bring this change into force from 1 January 2020, although we encouraged firms to comply from 1 November 2019.

#### Feedback

- 3.9 We received 7 responses to our consultation.
- 3.10 All respondents agreed with the changes we proposed.
- 3.11 One respondent said that our commencement date of 1 January 2020 to implement the changes to the information prompt was unreasonable.

#### Our response

- 3.12 We have not made any changes to the approach set out in Chapter 11 of CP19/27.
- 3.13 The respondent who commented on the commencement date for the information prompt rules, provided no compelling evidence as to why 2 months is an unreasonable period in which to make the changes. So, we have not amended our approach on this issue.

#### Cost benefit analysis and compatibility statement

- 3.14 Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to perform a cost benefit analysis of our proposed requirements and to publish the results, unless we consider the proposal will not give rise to any cost or will only give rise to an increase in costs of minimal significance. We did not receive any comments on the cost benefit analysis published in Chapter 11 of CP19/27.
- 3.15 The compatibility statement we published in Chapter 11 of CP19/27 remains unchanged.



## Equality and diversity issues

- 3.16 We continue to believe that the rules we have made will not have a negative impact on any of the groups with protected characteristics under the Equality Act 2010 and no concerns were raised during consultation.

## **CP18/39: Quarterly Consultation Paper No 23**

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### ***Supervision Manual (Reporting No 11) Instrument 2019***

#### Background

- 3.17 'Firm Details' are reported to us by firms and are essential for the delivery of a wide range of FCA functions which advance our statutory objectives and Mission. The rules that underpin our Firm Details reporting regime are found in Chapter 16 of the Supervision Manual (SUP 16). Currently, the FCA holds out of date and incomplete Firm Details for a significant number of firms, indicating high levels of non-compliance with the FCA rules.
- 3.18 Changes we consulted on include:
- Requiring firms to carry out an annual attestation to confirm that their Firm Details are correct when no changes occurred.
  - Requiring all firms to submit updated Firm Details using one of the FCA's online systems, removing the option currently available to around 20,000 credit unions and firms that only hold credit related permissions to submit this information by other methods such as email or post.
  - Reducing information collected on Firm Details form, such as fax numbers.
  - Making expectations clearer, including providing additional guidance to help firms to comply with FCA rules.

#### Feedback

- 3.19 The consultation period ended on 6 February 2019. Chapter 3 of the QCP received 6 responses in total. Overall firms were supportive of the proposal to provide an annual confirmation of Firm Details and respondents stated their preference to continue to report on the Accounting Reference Date.





- 3.20 Respondents were in support of annual confirmation of Firm Details using an FCA online system provided this was a simple process. One respondent suggested that Firm Details are in a downloadable format such as PDF or XLS to allow firms to better manage this requirement.
- 3.21 A respondent stated that there will be several firms that do not have the digital knowledge to submit details online, and therefore the cost implications need to be considered by the FCA. Another stated that firms should be able to subscribe to an online system through the FCA website or through a third-party software to submit Firm Details.
- 3.22 Four firms suggested that for larger groups, changing the check of Firm Details from the Accounting Reference Date to the Authorisation Date would be difficult to manage, because they would need develop additional processes to monitor each firm within the group, and that the FCA should keep the Accounting Reference Date as the date at which firms are required to confirm Firm Details.
- 3.23 In response to whether any further dates could be considered, a firm has suggested that the confirmation of Firm Details is incorporated into the RMAR reporting whilst another firm has suggested Annual Statement dates.
- 3.24 There were no disagreements to the proposed amendments of the Handbook definition of Firm Details and the consequential changes to the Firm Details reporting form.
- 3.25 Respondents agreed with the proposals for improvements to Firm Details reporting form for firms to better understand applicability of fields.
- 3.26 There were no suggestions provided for what improvements to Firm Details reporting form should be implemented.
- 3.27 Regarding removing fax numbers and other unused details from the reporting form and the FCA Register, there were concerns regarding smaller firms not currently using online methods of communication as well as whether the DWP rely on obtaining fax numbers of regulated firms via the Register.

#### Our response

- 3.28 We have carefully considered the feedback and suggestions provided by responders.
- 3.29 We have decided to proceed with implementing the requirement for Firm Details to be updated annually.



- 3.30 We will also proceed with implementing the annual attestation where no changes to Firm Details have occurred.
- 3.31 The Firm Details form is placed within the FCA Handbook under SUP 15 Annex 3 in PDF format. This PDF version of the Firm Details form can be downloaded and saved by users. However, the Firm Details update/attestation will need to be submitted via the FCA's online system.
- 3.32 Regarding firms not having the digital knowledge to submit updates/attests online, there will be various communications that will be sent to firms such as emails, letters and articles in the Regulation round-up to support firms with registering for Connect. The Contact Centre is also on hand to answer any queries with submissions and attestations.
- 3.33 We took on board responders' feedback regarding preference of the Accounting Reference Date over the Authorisation date, and the Authorisation date will not be used. However, it should be noted that the Accounting Reference Date approach is anticipated to have an impact on the quality and, potentially, the availability of service of the Contact Centre in the first year. This is due to existing operational peaks around the annual reporting dates that will be exacerbated by the Firm Details updates around the Accounting Reference Date.
- 3.34 To benefit firms, the submission date will now allow a flexibility of submission within 60 business days of the Accounting Reference Date rather than the 30 business days that was originally consulted on.
- 3.35 We do not determine this change to be unfair as firms can still submit their updates within 30 days of the Accounting Reference Date if they so wish, but have the additional timeframe to use should it be required. The minor change will be permissive rather than restrictive.
- 3.36 The requirements of what is required in Firm Details submission remains the same and therefore there is no negative impact to firms by introducing the 60-day flexibility. This will help lessen the burden of the new rules and allow firms to overcome any technical issues that may arise.
- 3.37 RMAR is submitted by firms that provide intermediary services arranging and/or advising on mortgages, non-investment insurance or investment products. As the RMAR return is not applicable to other firms, it would not be suitable to incorporate Firm Details requirements into RMAR reporting.
- 3.38 The Financial Services Register is a public record that shows details of firms, individuals and other bodies that are, or have been, regulated by the Prudential Regulation Authority and/or the Financial Conduct Authority. It is expected that DWP and other organisations would hold their own records for any firm that they liaise with.

### Cost benefit analysis and compatibility statement

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

### Equality and diversity issues

- 3.40 We continue to believe these changes do not give rise to any equality and diversity issues nor do they give rise to unfair discrimination against protected groups as set out in the consultation papers.
- 3.41 This chapter provides feedback on consultations that will not have a separate policy statement published by the FCA.

## **CP19/27: Quarterly Consultation No 25**

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### ***Fees (Miscellaneous Amendments) (No 14) Instrument 2019***

#### Background

- 3.42 Chapter 9 of CP19/27 set out our proposal to modify the periodic fee rules for Recognised Overseas Investment Exchanges (ROIEs) that are also European Economic Area (EEA) market operators.
- 3.43 EEA market operators who operate a regulated market, a multilateral trading facility (MTF) or an organised trading facility (OTF) can currently rely on the Markets in Financial Instruments Directive II (MiFID II) passporting rights to ensure that members based in the UK have access to their markets, where they engage in regulated activities to do so. Their day to day supervision is only the Home State responsibility. We do not have regulatory responsibilities for their activities and therefore we do not charge them any periodic fees. Once the UK has left the European Union (EU), these passporting rights will no longer apply.
- 3.44 In preparation for the UK leaving the EU, EEA market operators have applied for and been granted recognition as ROIEs. Under the current ROIE fees rules, these EEA market operator ROIEs are required to pay periodic fees from the time they have been granted recognition. Although many have been granted recognition, currently they can continue to rely on their passporting rights until the UK leaves the EU.

#### Summary of proposals

- 3.45 It is our policy intention that EEA market operators that are also ROIEs ('EEA/ROIEs') should only commence paying periodic fees from when



the UK leaves the EU. The modifications to the existing ROIE fees rules we proposed gives effect to this policy as follows:

- EEA/ROIEs only commence paying periodic fees in the fee-year within which the UK leaves the EU.
- The amount they pay will be the ROIE periodic fee payable in that fee-year prorated by the number of months of that fee-year the UK is no longer in the EU. For subsequent fee-years they will pay the full periodic fee applicable for that fee-year.

3.46 We asked:

Do you have any comments on our proposed modifications to the periodic fees rules for Recognised Overseas Investment Exchanges that can currently rely on the MiFID II passporting rights?

#### Feedback

3.47 We received 6 responses that supported the proposals.

#### Cost benefit analysis and compatibility statement

3.48 Under section 138I of FSMA, the FCA is exempt from the requirement to carry out and publish a cost benefit analysis regarding proposals for rules regarding FCA fees. The compatibility statement we published in Chapter 9 of CP19/27 remains unchanged.

#### Equality and diversity issues

3.49 We continue to believe that the rules we have made will not have a negative impact on any of the groups with protected characteristics under the Equality Act 2010 and no concerns were raised during consultation.

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

## 4 Additional Information

## Making corrections

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- 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 material

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- 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 <https://www.handbook.fca.org.uk/instrument>. The definitive version of the Handbook that the FCA amends 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 <https://www.handbook.fca.org.uk/>. A print version of the Handbook is available from The Stationery Office's (TSO) shop at <https://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

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- 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.



## Comments

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- 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](mailto:handbookproduction@fca.org.uk) (or see contact details at the front of this Notice).

## Handbook Notice 70

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 26 September 2019 and 24 October 2019.

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:

Ayesha Dayaji

Tel: 020 7066 0575

Email: [Ayesha.Dayaji@fca.org.uk](mailto:Ayesha.Dayaji@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](mailto:firm.queries@fca.org.uk)

Post: Contact Centre

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