

# Handbook Notice No 92

October 2021

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# 1 Overview

## Legislative changes

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- 1.1 On 30 September 2021, the Board of the Financial Conduct Authority (FCA) 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="#">CP20/9</a>	Conduct of Business Sourcebook (Assessing Value for Money in Workplace Pension Schemes and Investment Pathways: Requirements for IGCS and GAAS) Instrument 2021	FCA 2021/34	04/10/2021
<a href="#">CP21/22</a>	Technical Standards (Markets in Financial Instruments Regulation) (Derivatives Trading Obligation) Instrument 2021	FCA 2021/36	20/12/2021

- 1.2 On 21 October 2021, the Board of the Financial Conduct Authority (FCA) 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="#">CP21/26</a>	Investment Firms Prudential Regime Instrument 2021	FCA 2021/38	01/12/2021; 01/01/2022
<a href="#">CP21/26</a>	Investment Firms Prudential Regime (Consequential Amendments to Other Prudential Sourcebooks) Instrument 2021	FCA 2021/39	01/01/2021
<a href="#">CP21/16</a>	Supervision Manual (Reporting No 16) Instrument 2021	FCA 2021/40	01/01/2022

## 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 2021

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

FCA board meetings		
November	25	2021
December	16	2021
January	27	2022
February	24	2022
March	24	2022
April	28	2022
May	26	2022
June	23	2022
July	21	2022
September	29	2022
October	20	2022
November	24	2022
December	15	2022

## 2 Summary of changes

- 2.1 This Handbook Notice describes the changes to the FCA Handbook and other material made by the Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 30 September 2021 and 21 October 2021. 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/publications>.

### ***Conduct of Business Sourcebook (Assessing Value for Money in Workplace Pension Schemes and Investment Pathways: Requirements for IGCS and GAAS) Instrument 2021***

- 2.2 Following consultation in [CP20/9](#), the FCA Board has made changes to the Handbook sections listed below:

#### **Glossary COBS 19.5, 19.8**

- 2.3 In summary, this instrument makes changes to the FCA Handbook in order to better equip Independent Governance Committees in providing informed challenges to providers so that they can address poor value for money.
- 2.4 This instrument came into force on 4 October 2021. Feedback is published in a separate [Policy Statement](#).

### ***Technical Standards (Markets in Financial Instruments Regulation) (Derivatives Trading Obligation) Instrument 2021***

- 2.5 We consulted in [CP21/22](#) on our proposed changes to the Technical Standards (Markets in Financial Instruments Regulation) (Derivatives Trading Obligation) Instrument 2021.
- 2.6 In summary, these changes ensure that the derivatives trading obligation remains appropriately calibrated in light of the interest rate benchmark reform and the consequential changes that the Bank of England has made to the derivatives clearing obligation. They also support the orderly transition away from LIBOR to relevant risk-free rates.
- 2.7 This instrument will come into force on 20 December 2021. Feedback is published in a separate [Policy Statement](#).

### ***Investment Firms Prudential Regime Instrument 2021***

2.8 Following consultation in [CP21/26](#), the FCA Board has made changes to the Handbook sections listed below:

**Glossary**  
**SUP 16.1, 16.3, 16.7A, 16.12**

2.9 This instrument adds the following new chapters to the Handbook:

**SYSC 19G.1, 19G.2, 19G.3, 19G.4, 19G.7, 19G Annex 1, TP 11**  
**SUP 16.27, 16 Annex 24, 16 Annex 25, 16 Annex 51R, 16 Annex 52G**

2.10 This instrument adds the following new sourcebook to the Handbook:

**Prudential sourcebook for MiFID Investment Firms (MIFIDPRU)**

2.11 This instrument deletes the following sections to the Handbook:

**SYSC 19A, 19C**  
**SUP 16.17**

2.12 In summary, this instrument makes changes to the FCA Handbook in order to streamline and simplify the prudential requirements for Markets in Financial Instruments Directive (MiFID) investment firms that are prudentially regulated by the FCA in the UK.

2.13 The following parts of the instrument come into force on 1 December 2021:

- Part 2 of Annex B; and
- solely for the purpose of enabling a person to comply with the rules in Part 2 of Annex B to this instrument, the provisions in Annex A and Part 1 of Annex B.

2.14 The instrument comes into force for all remaining purposes on 1 January 2022. Feedback is published in a separate [Policy Statement](#).

***Investment Firms Prudential Regime (Consequential Amendments to Other Prudential Sourcebooks) Instrument 2021***

- 2.15 Following consultation in [CP21/26](#), the FCA Board has made changes to the Handbook sections listed below:

**Glossary**

**GENPRU 1.1, 3.1, 4.1, 4.2, 4.4**

**MIPRU 1.3**

**IPRU-INV 1.1, 2.1, 3.-1, 3.-60, Appendix 1, 4.2, 5.1, 5.3, 5.4, 5.8, 11.1, 11.2, 11.3, 11.6, 11.7, 13.1, 13.13, 13.14, 13.15, 14.1, 14.2, 14.5, 14 App 1, Annex A 1**

- 2.16 This instrument adds the following new chapters to the Handbook:

**MIPRU TP 2**

- 2.17 This instrument deletes the following sections to the Handbook:

**GENPRU 1.2, 1.3, 2, TP 8, TP8A, TP 8B, Sch 1, Sch 2 and Sch 3**

**IFPRU 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10**

**IPRU-INV 3 Appendix 20, 9**

- 2.18 In summary, this instrument makes changes to the FCA Handbook in order to streamline and simplify the prudential requirements for Markets in Financial Instruments Directive (MiFID) investment firms that are prudentially regulated by the FCA in the UK.

- 2.19 This instrument comes into force on 01 January 2022. Feedback is published in a separate [Policy Statement](#).

***Supervision Manual (Reporting No 16) Instrument 2021***

- 2.20 Following consultation in [CP21/16](#), the FCA Board has made changes to the Handbook sections listed below:

**SUP 16 Annex 19BG**

- 2.21 In summary, this instrument makes changes to the FCA Handbook in order to update references to the London Inter-Bank Offered Rate within the FCA reporting rules.

- 2.22 This instrument came into force on 1 January 2022. 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.

### **CP21/16: Supervision Manual (Reporting No 16) Instrument 2021**

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#### Background

- 3.2 The London Inter-Bank Offered Rate (LIBOR) is an interest rate benchmark that is used as a reference to calculate pricing for a wide range of financial products, including some mortgages. LIBOR in its current form will cease at the end of 2021, when the voluntary agreement of panel banks to continue to submit LIBOR ends. Firms are identifying and utilising alternatives to LIBOR and we are involved in regulatory work relating to this transition.
- 3.3 One minor aspect of this work relates to the wording of our reporting rules, which provide guidance to firms on completing the Mortgage Lenders and Administration Return (MLAR). Firms submit quarterly data about mortgages to us via this report.
- 3.4 We have identified 1 reference to LIBOR in section D3 of MLAR that requires replacing. This section relates to loans and interest rates.
- 3.5 We are coordinating these changes with the Prudential Regulation Authority (PRA).
- 3.6 The amendments impose no additional reporting burden on firms; they will continue to report the data as they do now. We are simply removing the examples of LIBOR and the Financial Times Stock Exchange (FTSE) in the guidance.

#### Summary of proposals

- 3.7 In preparation for transitioning away from LIBOR, we need to update references to LIBOR within our reporting rules. The PRA is doing the same. We have identified 1 LIBOR reference within the rules for completion of the MLAR templates.
- 3.8 We are removing the word 'LIBOR' and replacing it with text referencing alternative market rates. At the same time, we are removing the

reference to 'FTSE' in the same rule due to it not being an index which is commonly used for mortgage interest rate setting.

- 3.9 The text aims to accommodate future changes and alternative market rates which lenders may choose to use without further amendment.

#### Feedback

- 3.10 We received no feedback during the consultation period.

#### Our response

- 3.11 We are implementing the proposals as consulted on.

#### Cost benefit analysis and compatibility statement

- 3.12 We did not issue a CBA as we believe the costs of compliance with the final rules will be of minimal significance.

#### Equality and diversity issues

- 3.13 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.
- 3.14 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 Handbook material

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- 4.2 This Notice is published on the FCA website and is available in hard copy.
- 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](http://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/](http://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/](http://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 92

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 September 2021 and 21 October 2021.

It also may contain 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:

Meghan Beller

Tel: 020 7066 2111

Email: [Meghan.Beller@fca.org.uk](mailto:Meghan.Beller@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  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN

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