



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

FCA and PRA changes to mortgage reporting requirements

Policy Statement

FCA – PS19/23

PRA – PS22/19

September 2019

This relates to

Consultation Paper FCA – CP18/41
PRA – CP30/18 which is available on our
website at www.fca.org.uk/publications.

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1 Summary

- 1.1** In Consultation Paper (CP) FCA - 18/41** PRA – 30/18 we proposed new reporting requirements which would apply to regulated mortgage lenders and home finance administrators. This policy statement summarises the feedback received and our response to it.
- 1.2** Overall, respondents supported our proposals and we are implementing them broadly as consulted on.
- 1.3** We will be extending the implementation time for the Product Sales Data report (PSD001) changes to 18 months. This is in response to feedback and other regulatory proposals affecting mortgages. Implementation timeframes for Performance Sales Data report (PSD007) and Mortgage Lender and Administration Return (MLAR) changes remain 12 months as proposed.
- 1.4** We plan to publish the technical documents (Data Reference Guide) in October 2019 and give firms access to the FCA's reporting system (GABRIEL) test environment from November 2019. Firms which do not already have access can request it via the FCA contact centre.

Who this affects

- 1.5** This policy statement is directly relevant to:
- mortgage lenders
 - mortgage administrators
 - entities which own mortgage books but which are not FSMA authorised
- 1.6** This policy statement will also be relevant to stakeholders with an interest in the mortgage market, including:
- trade bodies
 - charities and organisations representing consumer interests
- 1.7** This policy statement is about the information that we collect from certain regulated firms and is unlikely to be of direct interest to consumers.

The wider context of this policy statement

- 1.8** The FCA's Mortgage Market Study Interim Report, published in May 2018, identified segments of the mortgage market where we do not currently collect data. We propose to close the gaps so we can carry-out our functions effectively, including identifying potential consumer harm. The gaps are in sales data about internal product transfers, as well as performance data about mortgage books that have been sold to entities which do not hold a FSMA permission (eg a non FSMA regulated hedge fund) or

securitised into a special purpose vehicle 'SPV'. The report stated that the FCA would consider consulting on collecting this information.

- 1.9** The PRA identified gaps in product sales data reporting (PSD001) (such as further advances not being reported) and this affects the PRA's ability to monitor the Financial Policy Committee (FPC)'s Loan to Income (LTI) flow limit and stress test recommendations. These gaps also limit the PRA's ability to assess possible risks in the mortgage market without making ad hoc data requests to firms and limit the FCA and PRA's supervisory oversight.
- 1.10** There are also gaps and inconsistencies in the forms and guidance in MLAR about mortgages sold to third parties or securitised, and second charge mortgages. These have made it hard for firms to meet their reporting obligations and so limit our ability to monitor risks effectively.
- 1.11** These reporting changes are significant. To aid implementation we have brought them together into a single set of requirements via this policy statement. While we remain committed to reducing as far as possible ad hoc reporting changes, there may be other relatively minor changes that firms need to make in the short term. For example, any arising out of the proposed changes on the assessment of affordability. We recognise the complexity involved in the sales data report (PSD001) changes and have provided an 18-month implementation timeframe.

What we are changing

- 1.12** Home finance lenders and administrators are currently required to submit aggregated data via MLAR, as well as individual product data via PSD to the FCA. These data are shared with the Bank of England and the PRA.
- 1.13** **The product sales data report (PSD001) is a quarterly return** which collects data on new mortgages. We proposed to require firms to start providing sales data report (PSD001) returns on further advances and internal product transfers (often referred to as 'internal switches'). We also proposed adding additional fields including outstanding mortgage debt and the contractual reversion rate. These data will enable macro prudential risk in the housing market to be monitored, and inform the FPC's considerations. They will also enable us to identify potential harm to consumers and help protect market integrity. At the time of the mortgage market study, internal product transfers represented over 40% of mortgage sales making them a significant gap in our data collection.
- 1.14** **The performance data report (PSD007) is a half yearly return** which collects data on the performance of outstanding mortgages. We proposed that administrators should provide performance data report (PSD007) returns on **all** mortgage books, irrespective of whether they are held by entities which are FSMA-authorised. This will help us identify and address harm to consumers.
- 1.15** **MLAR collects aggregate data on an on-going basis**, on mortgage lending and administration activity. We proposed to rectify an omission in our reporting forms so that we receive aggregated returns for second charge loans (the number and value of loans). We also proposed to clarify MLAR guidance on reporting requirements, to

address firm’s queries about their reporting obligations. These proposals will improve our oversight of second charge loans and improve the quality of data returns.

Outcome we are seeking

- 1.16** The changes will enable us to carry out supervisory, enforcement and policy work in a more informed and evidence based manner and provide a more complete view on which to base future market studies. This will enable us to more effectively identify and address harm to consumers and competition, and threats to market integrity.
- 1.17** The changes will support the PRA’s supervision of firms. There will also be an enhanced ability for the Bank of England to monitor macro prudential risk in the housing market, helping ensure the stability of the economy and mortgage market.
- 1.18** The quality of MLAR data should improve. The improved clarity of the new guidance should mean regulators and firms will spend less time dealing with reporting queries. Oversight in particular of second charge loans will be enhanced.

Measuring success

- 1.19** Following implementation, we will review the new data to ensure that its quality is acceptable.
- 1.20** We will consider queries from firms about the new data reporting requirements as they arise. This will allow us to ensure that the changes are properly understood and that former misunderstandings concerning MLAR reporting have been addressed.
- 1.21** We will keep under review how far the changes have improved the information we need for our supervisory, enforcement and policy work.

Summary of feedback and our response

- 1.22** We received 19 consultation responses. This includes 1 response from an organisation representing consumer interests; 6 from trade associations; 8 from large firms; 1 from a medium sized building society; 1 from a small second charge firm; 1 from a credit services firm and 1 from a credit union. We also held industry liaison meetings with members of 2 different trade bodies.
- 1.23** Overall, respondents supported the proposed changes. Firms and their trade bodies generally agreed the data should help us meet our objectives and carry out our functions. Most respondents also agreed with our proposed methods for collecting the data. There were some exceptions to this, notably from 1 trade body and those responding from the credit union sector. Their concerns are considered in this policy statement.
- 1.24** We are implementing our proposals broadly as consulted on. However, we are making several changes of detail due to the feedback received. For the performance

data report (PSD007), we are introducing data items which will give us a clearer understanding of how mortgage books are held (without unduly burdening firms). We are also making changes to clarify and simplify the intended content.

- 1.25** For the sales data report (PSD001), we have changed some of the data fields to clarify the intended content and have reduced the number of data fields which need to be completed for internal product transfers. We have also added an additional field about the rates used for affordability tests where firms have 'stepped rate' products. This is in response to feedback from a firm and a large trade association.
- 1.26** Finally, we are making a minor consequential change to the guidance notes and a data field label on MLAR, due to feedback about the sales data report (PSD001) changes.

Equality and diversity considerations

- 1.27** As set out in the consultation, we do not consider that our rules 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.
- 1.28** We believe there will be positive impacts for all consumers, including those with protected characteristics due to our enhanced ability to carry out our functions and meet our objectives.
- 1.29** We did not receive any feedback on these considerations.

What you need to do next

- 1.30** If your firm is affected by these changes, you will need to ensure that you meet the requirements of the new rules so that your reporting is in line with the changes set out in this policy statement. You will need to implement the changes within the following timescales:
- 12 months following publication of this policy statement to implement the performance sales data (PSD007) and MLAR changes
 - 18 months following publication of this policy statement to implement the product sales data report (PSD001) changes

Table 1 – Implementation timescales

Report	New reporting requirements come into force	First reporting period covered by new data requirements	New reports to be submitted to the FCA
PSD001	01 April 2021	April-June 2021 (Q2 2021)	End July 2021 (20 working days following end reporting period)
PSD007	01 Jan 2021	Jan - June 2021 (H1 2021)	August 2021 (30 working days following end reporting period)
MLA-G & MLA-G1 & MLA-H	01 Oct 2020	First full quarter following 01 October 2020 (approx. Q4 2020, but dependent upon firm's accounting period)	From 01 Jan 2021 (dependent upon firm's accounting period)

What we will do next

- 1.31** We plan to publish the technical documents (Data Reference Guide) in October 2019 and to make a GABRIEL testing environment available to firms from November 2019.
- 1.32** We will review the FCA's website FAQs and make any necessary changes to help ensure the effective implementation of the new reporting requirements.

2 Overarching issues

We received feedback on some overarching issues from both trade associations and firms.

Feedback received

Implementation period

- 2.1** We did not receive any concerns from firms or trade bodies about the proposed 12-month implementation period for the proposed changes to the performance data report (PSD007) and MLAR. However, we did receive comments on the adequacy of the same 12-month period for implementing the sales data report (PSD001) changes.
- 2.2** A trade association stated that the 12-month timeframe was challenging but feasible providing that we published the detailed technical documents (Data Reference Guide) alongside the final rules and made a GABRIEL testing facility available to firms early on. They further stated that if there are other reporting changes arising out of the mortgage market study, we should consider extending the implementation period.
- 2.3** Three large firms provided comments directly concerning the implementation timeframe. One requested a 2-year implementation period; 1 requested 18 months and the third stated that it could not assess timeframes until the final rules were made available.
- 2.4** Another trade association expressed significant concerns regarding the proposed 12-month implementation period for the sales data report (PSD001). It had received significant concerns from firms about adapting existing processes in time due to either the potential manual intervention required, or the technical complexity of obtaining data for sales data report (PSD001).

Proportionality

- 2.5** There were several comments on the proportionality of the changes. A trade association emphasised the need for us to consider the impact on smaller firms. Those responding from the credit union sector asked that we remove from reporting requirements firms holding low value mortgage books.
- 2.6** A large firm requested we consider further the proposed requirement for firms to report on internal product transfers within their subsidiaries which are no longer offering new lending. It identified these as holding relatively low total loan values which it currently does not have to report upon.

Our response

Implementation period: We are proceeding with the 12-month implementation timeframe for the changes to the performance data report (PSD007) and MLAR. We have amended our proposals and are providing an 18-month implementation period for the changes to the sales data report (PSD001). Based upon consultation responses, we believe that an additional 6 months will give firms sufficient time in which to make the required changes to their systems.

The mortgage market study has prompted us to consider making various changes to our rules. As a result, there may be other (relatively minor) impacts for reporting systems. It is not possible for all these changes to be consolidated into a single implementation date. However, we recognise the concern raised by firms and have extended the implementation period for the sales data report (PSD001).

In addition, we will publish the technical documents shortly after the policy statement and plan to give early access to the GABRIEL testing environment from November 2019.

Proportionality: We have decided that general exclusions for different types of firm or subsidiaries which are not offering new lending are not appropriate.

Data volumes may appear relatively low when taken in isolation but the volume and value of accounts is not necessarily an indicator of the extent of potential harm. We need to be able to identify any risks of harm to consumers who have their accounts held in small mortgage books and it is important for us to have oversight of the whole market. Also, while large firms may consider that the books of their subsidiaries which no longer offer new lending, are relatively insignificant, they can be much larger than many smaller firms.

We have revisited and reduced the number of fields which will need to be reported under sales data report (PSD001) for internal product transfers in response to feedback. This will reduce the volume of data firms need to submit.

3 Feedback on our proposals – product sales data: performance reports (PSD007)

- 3.1** This chapter summarises the feedback on our proposals to require mortgage administrators to submit performance data reports (PSD007) on mortgages owned by entities which do not hold a FSMA permission, such as non FSMA regulated hedge funds.
- 3.2** The feedback was predominantly from financial services firms or organisations representing such firms. We also received a response from an organisation representing consumer interests.

Consultation questions

- Q1:** Do you agree with the FCA proposal to require mortgage administrators to submit PSD performance reports on mortgages owned by entities which are not authorised home finance lenders? If not, what amendments would you suggest?
- Q2:** Do you agree with the FCA proposal to amend SUP 16.11.1R as per paragraph 2.7? If you do not agree with the proposal, what other amendments would you suggest?

Feedback received

- 3.3** There was broad support for the proposals.
- 3.4** We received a request to confirm that where the administrator is responsible for submitting the report, that this will be the 'Principal' administrator rather than an 'Other' administrator (both terms are defined in MLAR guidance – SUP 16 Annex 19BG).
- 3.5** We were also asked to confirm whether debt shortfalls bought by credit services firms are in scope of our reporting requirements.
- 3.6** Finally, we were asked whether second charge firms that administer their own books are required to report in future.

Our response

We intend to implement our proposals so that firms with a mortgage administrators' permission (including lenders that administer mortgages) will be responsible for submitting performance data reports (PSD007) on all mortgages where they act as principal administrator, irrespective of whether they are owned by FSMA-authorized entities.

We will also implement our proposals to amend SUP 16.11.1R to make clear that the firm that entered the regulated mortgage contract will be responsible for reporting performance data reports (PSD007). However, where the right of the lender to receive payments under the regulated mortgage contract has passed to another person (for example, where the mortgage has been sold), the administrator will be responsible for reporting performance data reports (PSD007).

Where the administrator is responsible for submitting the report, this will be the 'Principal' administrator rather than an 'Other' administrator.

We can confirm that mortgage shortfall debts on regulated mortgage contracts must be reported in PSD007. They remain subject to other relevant conduct standards such as those on arrears handling in MCOB 13. This has always been the case.

Our reporting rules do not apply to second charge regulated mortgage contracts which were entered into before 1 April 2017. Again, this represents no change to the existing position.

Consultation question

Q3: Do you agree with the FCA proposal to add these fields to the PSD performance report? If not, what amendments would you suggest?

Feedback received (to CP18/41 section 2.8)

Structure of report

- 3.7** Consultation feedback added considerable insight on how to best capture meaningful data on how the mortgage books are held. This included the importance of additional data items such as whether the loan is securitised and whether the 'legal' and 'beneficial' ownership are held by the same or different persons. It also included the need to make clear who is submitting the report.
- 3.8** One respondent was unclear who should report mortgage books in the situation where the beneficial ownership has been sold but legal ownership remains with the original lender.

'Closed book'

- 3.9** As set-out in the CP, we want to know whether a mortgage account is in a closed book.
- 3.10** We received useful feedback on the definition of a 'closed book' and what this meant for specific ownership and funding arrangements. It was emphasised that 'closed book' is not a static concept as books will become open or closed over time, for example, a lender may resume lending on a book. It was also noted that securitisations

of mortgages do not necessarily mean that consumers cannot benefit from internal product transfers ('internal switches').

Do all fields need to be reported?

3.11 A trade association asked whether some of the existing fields within performance data report (PSD007) (eg date mortgage account opened), need to be reported in all cases.

Our response

Structure of report

We are maintaining our general approach but have amended some aspects of our proposals. This includes **adding 7 fields** to the PSD007 report which will ensure we know:

- whether the beneficial owner is a regulated firm
- whether the legal owner is a regulated firm
- the reference number of the beneficial owner, where that is a firm
- the legal name of the beneficial owner, where that is not a firm (but in the case of SPVs we will not require the name)
- the reference number of the legal owner, where that is a firm
- the name of the legal owner, where it is not a firm
- whether the account is part of a closed book

This will provide clear information on the arrangement of legal and beneficial ownership of the mortgage book and the organisations involved in decisions and actions affecting the treatment of consumers.

We have concluded that we do not need the names of the SPVs as they generally have no decision-making role affecting the treatment of consumers in those mortgage books.

The 7 new fields will render the existing field 'reference number of lender that currently holds the mortgage' obsolete. However, that field also currently indicates who is responsible for submitting the performance data report (PSD007) return. Instead, and in line with the amendments we are making to SUP 16.11, we are changing this field so that it will indicate the firm on whom the obligation in SUP 16.11 to submit the performance data report (PSD007) return falls.

We can confirm that where the lender that entered into the regulated mortgage contract still owns the mortgage beneficially, that lender is responsible for the submission of the performance data report. However, it may delegate that task to another entity, for example a third-party administrator, and we are not making any changes to SUP 16.11.11R (use of reporting agents) in this regard.

'Closed book'

We believe the existing explanation of 'closed book' is sufficient and firms will need to consider this in deciding how to report. As the report is submitted to us every 6 months it can reflect changes to the books over time, in terms of whether they are 'closed' or not.

Do all fields need to be reported?

Under our existing rules, the following fields only need to be reported where known: date mortgage account opened, original size of loan, original term of loan, and reference number of the original product provider. We do not propose to change this.

Consultation question

Q4: Do you agree with the FCA proposal that mortgage administrators submit nil returns where they do not administer any relevant mortgages? If not, what amendments would you suggest?

3.12 Firms asked us to clarify whether a single 'nil return' could be made for several clients or if there needed to be a nil report for each. We also received a query about submitting a nil return via third party proprietary software rather than using GABRIEL.

Our response

We can confirm that a third-party administrator can submit a single performance data report (PSD007) which covers all the mortgage books for all the entities that hold them (ie we do not require 1 report per entity). A single nil return would only be required should all those books cease being administered; where some books remain administered, a report would continue to be required. GABRIEL does not currently allow submission of a nil report via third party software.

4 Feedback on our proposals - product sales data: sales report (PSD001)

- 4.1** This chapter summarises the feedback to our proposals to require mortgage lenders to submit sales data reports (PSD001) on internal product transfers and further advances, as well as adding 3 data fields.

Consultation questions

- Q5:** Do you agree with the FCA proposal to require mortgage lenders to submit PSD sales reports on internal product transfers? If not, what amendments would you suggest?

Feedback received

Need for the data and proportionality

- 4.2** Consultation feedback generally supported the data being collected. The notable exception was the credit union sector which asserted that we could identify potential harm from the data we already collect; and a trade association which questioned whether the amount of data is proportionate.

Alternative suggestions

- 4.3** Two large firms suggested that the data would be better collected using a separate, standalone report; and an industry association suggested that, for smaller firms, an extension of the performance data report (PSD007) to include internal product transfers could be preferable.
- 4.4** A large firm asked us to reconsider the proposals on the basis that the mortgage books of its subsidiaries which are closed for new lending, are relatively small and that it is technically complex to engineer reporting systems for them. The firm stated that as a result, its costs would be higher than our cost benefit analysis set out.

Publishing details of the sales method

- 4.5** A trade association requested that we publish data on the split between advised or execution only sales and whether sales are direct or intermediated.

Our response

We intend to implement our proposals to require mortgage lenders to submit sales data report (PSD001) on internal product transfers.

Need for the data and proportionality

Existing data received by the FCA lacks sufficient detail on internal product transfers to allow us to assess potential consumer harm. The FCA does receive performance data currently but this is aggregated and does not, for example, identify any fees and charges added or whether the 'switch' took place before the end of term.

The mortgage market study estimated that (in 2016) over 40% of the mortgage market was made up of internal product transfers. This represents a significant gap in knowledge, not just for supervision but also for informing market studies.

We have reviewed the sales data report (PSD001) to ensure that all required information is necessary for internal product transfers. This has reduced the number of data fields to be collected.

Alternative suggestions

The alternative suggestion of using performance data report (PSD007) for internal product transfers was considered. But the number of additional data fields which would need to be added means there is no clear benefit to firms compared to our proposals. It would also mean firms having to re-engineer both sales data report (PSD001) and performance data report (PSD007) for internal product transfers. This would be more onerous for firms than our original proposals. A trade association also expressed a clear preference for us to limit the more significant changes to sales data report (PSD001).

The alternative suggestion of a separate standalone sales data report for internal product transfers is highly likely to be more costly and burdensome for firms than our proposals. It would involve creating a completely new report while also maintaining the sales data report (PSD001) for sales that were not an internal product transfer. Indeed, a large trade association explicitly advised against such an approach.

Publishing details of the sales method

We already publish these details and in the future the reporting changes will mean we can provide an analysis that includes both internal product transfers and further advances.

Consultation questions

- Q6: Do you agree with the FCA proposals to add fields, drop-down options and guidance to the sales report to adapt for internal product transfer reporting? If not, what amendments would you suggest?**

Feedback received

- 4.6** Respondents generally agreed that the requested data could be reported. There was considerable feedback about the specifics of the names and guidance notes proposed for the data field changes. There were also questions on how internal product transfers will need to be reported and the interaction with the proposed reporting of further advances as well as existing reporting.

Definition of an internal product transfer

- 4.7** A number of respondents requested a Handbook definition of an internal product transfer and asked whether the following would be included:

- lifetime or retirement interest-only mortgages
- buy-to-let mortgages
- adding a borrower to an account

- 4.8** Respondents also asked:

- how reverting on to a Standard Variable Rate (SVR) should be reported
- whether reporting for an internal product transfer should differ depending on if it is a new contract or a variation to an existing contract
- what the reporting implications are of 'porting' a mortgage to a new property
- how an internal product transfer on a second charge mortgage should be reported

Transaction reference fields

- 4.9** Questions were raised about the meaning of 'original transaction reference'. Firms generally stated though that these could be provided (with some potential lack of data where firms had bought mortgage books). For some, a 'unique' reference number will require a change as they currently only use the original account number; for others, unique references are always used.

Date mortgage (and previous mortgage) account opened

- 4.10** Feedback indicated some confusion about the data required for the proposed fields:

- 'date mortgage account opened or of further advance or of internal product transfer or other internal remortgage'
- 'date previous mortgage account opened, or of most recent further advance, or of most recent internal product transfer or other internal remortgage'

- 4.11** Consultation feedback and subsequent discussions with firms and their trade associations indicated that the 'previous' transaction dates could generally be provided however it was generally considered more beneficial to report the 'original' transaction date than the 'previous' one.

Type of borrower

- 4.12** A trade body suggested an additional drop-down code under 'type of borrower' to indicate 'internal remortgages'.

Valuation field

- 4.13** Respondents noted that the field 'type of valuation at origination of mortgage' is not relevant to internal product transfers as a valuation does not need to be undertaken.

Our response

We have made some changes to our original proposals to clarify the reporting requirements for firms and so gain higher quality data.

Definition of an internal product transfer

We are including a clear definition of an internal product transfer in our rules.

Our intention is not to change how firms contract with customers ie whether an internal product transfer is a new contract or a variation to an existing contract. In either case it should be reported in sales data report (PSD001), using the codes 'type of borrower' = 'internal remortgage (I)' and 'type of mortgage' = 'internal product transfer (PT)'.

Contract variations that are not internal product transfers do not need to be reported in sales data report (PSD001). Instead, such variations (for example transfers of equity or term extensions) will be reported in the performance data report (PSD007).

To address specific queries raised:

- When an account reverts to the standard variable rate (SVR) it should not be reported as an internal product transfer.
- The vast majority of buy-to-let mortgages should not be reported at all in product sales data reporting (PSD) as they are not regulated mortgage contracts.
- Where a mortgage is 'ported' to a different property, then this should be reported as an internal product transfer only where it meets the definition. For example, where there is a transfer to a different product, but there is no additional borrowing.

It is important to emphasise that firms can report more than 1 code under data field 'type of mortgage' and should do so. For example, if an internal product transfer takes place on a second charge mortgage then this should be reported using codes 'PT' and 'SC' (although note that there is no need to report as an internal product transfer where the original second charge mortgage transaction did not need to be reported in sales data report (PSD001). This includes those contracts which were originated before second charge reporting requirements came into force on 1 April 2017.

Another example where 2 codes might be needed to be reported for 'type of mortgage' would be a change to a lifetime mortgage which also meets the definition in our rules of an internal product transfer. This would need to be reported as both 'L' and 'PT'.

Only 1 code can be reported under 'type of borrower' so in both these cases it would be reported as 'I' which is an internal remortgage.

Transaction reference fields

Transaction references will need to be 'unique', as proposed. We recognise that some firms may need to adjust the references used for reporting. However, it is important for us to be able to fully differentiate (and match) transactions.

Date mortgage (and previous mortgage) account opened

To clarify our requirements, we are:

- changing the proposed field 'date mortgage account opened or of further advance or of internal product transfer or other internal remortgage' to 'Date of mortgage transaction'
- we are changing the proposed field 'date previous mortgage account opened, or of most recent further advance, or of most recent internal product transfer or other internal remortgage' to 'Date of original mortgage transaction'

Type of borrower

We will add a drop-down code 'I' under 'type of borrower' to indicate 'internal remortgages'. This will distinguish these from 'external remortgages' which will be reported using the existing code 'R'.

Valuation field

We will add a new drop-down code 'N' which will need to be reported for an internal product transfer where no valuation has been carried out.

Consultation questions

- Q7:** Do you agree with the PRA proposal to require PRA-authorised mortgage lenders to submit sales reports on further advances? If not, what amendments would you suggest?
- Q8:** Do you agree with the FCA proposal to require PRA-authorised firms that will be subject to the PRA requirement to submit sales reports on further advances, to do so via PSD? If not, what amendments would you suggest?
- Q9:** Do you agree with the FCA proposal to require FCA-authorised mortgage lenders to submit PSD sales reports on further advances? If not, what amendments would you suggest?

Feedback received

- 4.14** Feedback supported the proposals to require reporting of further advances. There was an alternative suggestion from a firm to report further advances as a standalone sales data report.

Our response

We intend to implement our proposals to require sales reports on further advances from both PRA and FCA authorised mortgage lenders as part of sales data report (PSD001). We are not taking up the suggestion of creating a separate standalone sales data report, given the additional cost and complexity this would involve for firms.

Consultation questions

Q10: Do you agree with the FCA proposals to amend drop-down options and guidance to the sales report to adapt for further advance reporting? If not, what amendments would you suggest?

Feedback received

Definition of further advance

- 4.15** Respondents asked for a Handbook definition of a further advance and questions were raised as to whether drawdowns, lifetime mortgages or transfers of equity would be included.
- 4.16** Some of the questions respondents asked were similar to those as for internal product transfers. For example, whether a further advance would also need to be reported in performance data report (PSD007) and how a second charge mortgage should be reported where it is also a further advance.
- 4.17** Similar feedback was received as for internal product transfers on the transaction reference fields and the date the mortgage (and previous mortgage) account was opened.
- 4.18** There were indications that firms had misinterpreted the proposed amendment to the field 'the purpose of a second charge regulated mortgage contract, further advance or extra money withdrawn for remortgages'. Some firms appeared to have understood this to mean further advances on second charge mortgages only and not on first charge mortgages.

Our response

We have made some changes to our original proposals to clarify the reporting requirements for firms and so gain higher quality data.

Definition of a further advance

We are including a clear definition of a further advance in our rules.

In response to the queries:

- Drawdowns of pre-arranged sums are not to be reported as further advances in sales data report (PSD001) as they are not additional lending (on the assumption they have already been underwritten). This includes pre-agreed sums drawdown for offset and lifetime mortgages. However, where additional borrowing above the pre-arranged sum is agreed and drawn down, including for offset and lifetime mortgages, this should be reported as a further advance, but also flagged with the appropriate codes for that type of mortgage (eg a lifetime mortgage).
- Transfers of equity (which may take place, for example, in connection with a divorce) should not be reported as further advances unless there has been a further advance of funds.
- 'Porting' should not be reported as a further advance as the definition of further advance is limited to advances secured on the same property as the existing mortgage contract.
- Where a further advance is made on an existing second charge mortgage then this should be reported as a further advance, but also flagging it is a second charge mortgage with the appropriate 'type of mortgage' code (ie 'SC'). However, where a further advance is made for a first charge mortgage borrower, and the further advance is structured as a second charge mortgage, this would be reported as a new second charge mortgage, and not as a further advance.

We are changing the proposed field 'the purpose of a second charge regulated mortgage contract, further advance or extra money withdrawn for remortgages' to 'the purpose of a further advance, or extra money withdrawn on a remortgage, or a second charge regulated mortgage contract' to make it clear that this field should be reported on for all further advances (whether under a first or subsequent charge) as well as remortgages and second charge loans.

Transaction reference fields

Transaction references will need to be 'unique', as proposed. We recognise that some firms may need to adjust the references used for reporting, however it is important for us to be able to fully differentiate (and match) transactions.

Date mortgage (and previous mortgage) account opened

In response to feedback, we are:

- changing the proposed field 'date mortgage account opened or of further advance or of internal product transfer or other internal remortgage' to 'Date of mortgage transaction'.
 - we are changing the proposed field 'date previous mortgage account opened, or of most recent further advance, or of most recent internal product transfer or other internal remortgage' to 'Date of original mortgage transaction'.
-

Consultation questions

- Q11:** Do you agree with the PRA proposal to require PRA-
authorised home finance lenders to submit the 3
additional fields outlined above? If not, what amendments
would you suggest? (see CP sections 3.21-3.28)
- Q12:** Do you agree with the FCA proposal to require PRA-
authorised mortgage lenders to submit the information
required by the PRA in PSD sales reports? If not, what
amendments would you suggest?
- Q13:** Do you agree with the FCA proposal to require FCA-
authorised lenders to submit 3 more data fields in PSD
sales reports? If not, what amendments would you
suggest?

Feedback received

4.19 We received queries and feedback on:

- whether the field 'the total amount owed by the borrower to the firm under regulated mortgage contracts secured on the property immediately prior to the new borrowing' referred to the same property.
- what would be expected where firms do not hold information for the data field 'for a second charge regulated mortgage contract, the total amount owing to third parties secured on the property'.
- for both these 2 fields, whether the 'amount owed by the borrower' and 'the total amount owing' refers only to regulated mortgage debt.

4.20 Feedback from a trade association and 1 firm raised a concern that the reporting of 'contractual reversion rate' for 'stepped' products could give an impression that firms are not using an appropriate stress test rate. The trade association suggested that we introduce a new data item to address this.

Our response

For the 2 fields:

- 'the total amount owed by the borrower to the firm under regulated mortgage contracts secured on the property immediately prior to the new borrowing'
- 'for a second charge regulated mortgage contract, the total amount owing to third parties secured on the property'

We believe that it is sufficiently clear that the fields refer to the same property and do not propose to change the wording. We are however, amending the text of the second field to make it clear that it is the amount owed by the borrower as follows: 'For a second charge regulated

mortgage contract, the total amount owed by the borrower to third parties secured on the property’.

Firms offering such mortgages should hold this information as it would be obtained as part of a firm’s consideration of whether to lend to the consumer.

We will make clear that all secured debt must be reported not just regulated secured debt. This is because some secured debt was taken out before it was regulated and some secured debt remains unregulated. The unregulated debt is relevant for prudential considerations.

These fields will also be moved from the ‘Affordability data’ section of sales data report (PSD001) into the ‘Sales data’. This will more accurately reflect their inclusion in reporting being for prudential purposes, rather than related to the affordability test.

To address the feedback about ‘stepped’ products, we will add a field which will ask for the interest rate to which the stress test was applied in order that the size of the stress can be calculated accurately. We will then only ask for the contractual reversion rate to be reported if different. This will ensure that for most reporting submissions the contractual reversion rate field will not need to be completed and will avoid duplicating other data.

5 Feedback on our proposals – mortgage lending and administration return (MLAR)

- 5.1** This chapter summarises the feedback on our proposals to require second charge administrators to report on the number and value of loans they administer, as well as clarifying guidance on the reporting of MLAR.

Consultation questions

- Q14:** Do you agree with the FCA proposal to require second charge administrators to report on the number and value of loans they administer? If not, what amendments would you suggest?
- Q15:** Do you agree with the FCA proposal to change the category labels on MLA-G and MLA-G1 in SUP 16 Annex 19AR and 19AAR? If not, what amendments do you suggest?
- Q16:** Do you agree with the PRA proposal to change the category labels on the MLA-G and MLA-G1 templates and add a footnote clarifying that the templates refer to FCA glossary definitions? If not, what amendments do you suggest?
- Q17:** Do you agree with the FCA proposal to amend the guidance in SUP 16 Annex 19B G to make clear how firms with the administering permission should complete MLAR? If not, what amendments would you suggest?
- Q18:** Do you agree with the PRA proposal to amend its 'Notes for the completion of the Mortgage Lenders and Administrators Return ('MLAR')' as set out in Appendix 3? If not, what amendments would you suggest?

Feedback received

- 5.2** Respondents generally either supported our proposals or provided no comment. A few responses involved firms or trade associations checking their interpretation of our proposals. A firm suggested that it found the term 'persons' a little confusing.
- 5.3** Related to consultation feedback asking for a clear definition of a further advance in relation to sales data report (PSD001) (see 4.7 above), we have identified a consequential need to amend MLAR guidance notes and a data field label, to clarify that 'drawdowns' are not considered to be further advances.

Our response

We are implementing all our proposals. To respond to the consultation query, we have used the term 'persons' to include both those organisations which are FSMA authorised and those which are not.

We are amending MLAR notes and data reporting field label E6.3 to make clear that we do not consider 'drawdowns' to be further advances. However, this change should not affect the figures or amounts to be included in the relevant data items.

6 Cost benefit analysis update

Feedback received

- 6.1** Respondents to the consultation did not generally comment on the published cost benefit analysis or provide alternative estimates, except for 2 large firms who stated that their costs would be higher. There were general comments around the proportionality of our proposals that have been covered in Chapter 2.

Our response

We consider that the instrument published in this policy statement does not differ significantly from the version published in the consultation paper. So, we are not required to publish a new cost benefit analysis in line with section 138(5)(a). Nevertheless, we have revisited the cost benefit analysis given the feedback we received.

Taking into account those responses would in our view increase the large firm cost estimate from £250,000 to £400,000. This would add £900,000 to total lender one-off costs.

It is possible that the number of administrators that would have to start submitting performance data report (PSD007) data on unregulated entities could be up to 20. Even if so, we estimate that only approximately half of these might incur the costs of setting up a new reporting system with the other half incurring solely the ongoing costs of reporting in line with the changes. Based on these assumptions, this would add £82,400 to total administrator ongoing costs.

There could potentially also be additional one-off costs to administrators (which are not also lenders) of having to update their systems to reflect the new performance data report (PSD007) report. Were there 20 such administrators affected in this way, this would add £280,000 to total administrator one-off costs.

We have summarised the effect of these potential increases to our costs estimates below. Even if those increased costs estimates were to accrue, we remain of the view that that burdens we are imposing are proportionate to the benefits expected to result from these rules.

Table 2: Overall costs to the industry (revisions in red)

Firm type	One-off	On-going
Lenders	£10.76m (£11.66m)	£0.15m
Administrators	£0.85m (£1.13m)	£0.10m (0.18m)
Total	£11.61m (£12.79m)	£0.25m (£0.33m)

Annex 1

List of non-confidential respondents

Association of Mortgage Intermediaries

Building Societies Association

Capital Credit Union

Credit Services Association

Finance and Leasing Association

Jackson Cohen Associates

Lloyds Banking Group

Money Saving Expert

Nationwide

UK Credit Unions

UK Finance

West Bromwich Building Society

Annex 2

Abbreviations used in this paper

CBA	Cost Benefit Analysis
CP	Consultation Paper
FCA	Financial Conduct Authority
FPC	Financial Policy Committee
FSMA	Financial Services and Markets Act
LRRA	Legislative Regulatory Reform Act 2006
LTI	Loan to Income
MCD	Mortgage Credit Directive
MCOB	Mortgages and Home Finance: Conduct of Business sourcebook
MLAR	Mortgage Lending and Administration Return
MMR	Mortgage Market Review
MMS	Mortgage Market Study
PRA	Prudential Regulation Authority
PSD	Product Sales Data
SUP	the Supervision manual

We have developed the policy in this Policy Statement in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future.

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 7948 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

Appendix 1

Made rules (legal instrument – FCA rules)

MORTGAGES (REGULATORY REPORTING) INSTRUMENT 2019

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Act:
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) and section 139A (The FCA’s power to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. Part 1 of the Annex to this instrument comes into force on 1 October 2020.
- D. Part 2 of the Annex to this instrument comes into force on 1 January 2021.
- E. Part 3 of the Annex to this instrument comes into force on 1 April 2021.

Amendments to the Handbook

- F. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

Citation

- G. This instrument may be cited as the Mortgages (Regulatory Reporting) Instrument 2019.

By order of the Board
26 September 2019

Annex

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force on 1 October 2020

16 Reporting requirements

...

16.12 Integrated Regulatory Reporting

...

16.12.18 R ...
C

Description of <i>data item</i>	<i>Data item</i> (note 1)	Frequency	Submission deadline
...			
Second charge lending - arrears analysis	...	...	...
<u>Second charge mortgage administration – business profile</u>	<u>Section G1 MLAR</u>	<u>Quarterly</u>	<u>20 business days</u>
...			

...

16 Mortgage Lenders & Administrators Return ('MLAR')
Annex
19AR

...

**G MORTGAGE ADMINISTRATION: Business profile
(1)**

...

G1	Number of loans administered		
.1	for:		
	a) Firms <i>Firms with a mortgage lender's permission</i> <u><i>mortgage lender's permission</i></u>	...	...
	b) Other firms <i>persons (but not special purpose vehicles – see c) below)</i>	...	...
	c) SPVs <i>Special purpose vehicles</i>	...	...
	d) Total	...	...
G1	Balance outstanding on loans administered for:		
.2			
	a) Firms <i>Firms with a mortgage lender's permission</i> <u><i>mortgage lender's permission</i></u>	...	...
	b) Other firms <i>persons (but not special purpose vehicles – see c) below)</i>	...	...
	c) SPVs <i>Special purpose vehicles</i>	...	...
	d) Total	...	...
G	MORTGAGE ADMINISTRATION: Business profile		
(2)			
G2	<u>Lenders</u> <u>Persons</u> for whom mortgage administration was being carried out at end of quarter	...	
G2	Firms <i>Firms with a mortgage lender's permission</i> <u><i>mortgage lender's permission</i></u> :	...	
.1			
	[top 5 only]		
G2	Other firms <i>persons (but not special purpose vehicles – see</i>	...	

- .2 G2.3 below):
[top 5 only]
- G2 SPVs Special purpose vehicles: ...
- .3 [top 5 only]

16 Annex 19AAR Mortgage Lenders & Administrators Return ('MLAR') – sub-forms for second charge regulated mortgage activity

...

MLA-G1 Second Charge Mortgage Administration – Business profile

Second or subsequent charge mortgage contracts administered at end of quarter

		<u>As Principal administrator</u>	<u>As Other administrator</u>
<u>1</u>	<u>Total number of residential loans to individuals administered</u>	<input type="text"/>	<input type="text"/>
<u>2</u>	<u>Total balance outstanding on all residential loans to individuals administered (£000's)</u>	<input type="text"/>	<input type="text"/>

...

16 Annex 19BG Notes for Completion of the Mortgage Lenders & Administrators Return ('MLAR')

...

SECTION G: MORTGAGE ADMINISTRATION – BUSINESS PROFILE

...

You should also note, however, that if you have both a *mortgage lender's* activity and a *mortgage administrator's* activity to administer your own book and do not have any off-balance sheet loans to administer, then you should ~~not complete this~~

section answer only the first question of section G of the MLAR (“Do you need to complete tables G and H?”), leaving the rest of section G and section H blank.

‘Principal’ and ‘Other’ Administrators

...

- **Principal administrator:** this is where your ~~firm~~ firm:
 - (a) is administering its own off-balance sheet mortgages; or
 - (b) is authorised to undertake a mortgage administrator’s activity, and is exercising that activity on behalf of either a lender or ~~other firm~~ another person that is not itself authorised to undertake a mortgage administrator’s activity; or has entered into a contract to do so but has outsourced the mortgage administrator’s activity to another person.

- **Other administrator:** this is where your ~~firm~~ firm (~~although authorised to undertake a mortgage administrator’s activity~~) is undertaking loan administration for either a lender or ~~other firm~~ another firm which itself is also authorised to undertake a mortgage administrator’s activity. In this situation, your ~~firm~~ firm is not regarded as the ‘principal administrator’, and you are merely acting on behalf of an authorised mortgage administrator.

...

G1 Mortgage contracts administered at end-quarter			
Where your firm is acting as Principal administrator (columns 1-3)			
Collects data on mortgage contracts administered as at the end of the quarter, but only where you are formally acting as principal in exercising a mortgage administrator’s activity. It therefore excludes the reporting of:			
<ul style="list-style-type: none"> • any loan administration where you, being a firm without a mortgage administrator’s activity, are merely providing an outsourced service for a third party which does have a mortgage administrator’s activity and which is exercising it in respect of those loans; and • any loan administration where you, a firm having a mortgage administrator’s activity, are acting as agent and providing an outsourced service for a third party which itself has a mortgage administrator’s activity and which is exercising it in respect of those loans. 			
...			
G1.1	Number of loans		
	You should detail the number of regulated mortgage contracts administered as at the end of the quarter for firms <u>firms</u> with a mortgage lender’s activity, for other firms <u>persons</u> (i.e. lenders <u>including</u>		

	<p>unauthorised purchasers of your off-balance sheet mortgages for which whom you administer mortgages but they themselves do not have a mortgage lender's activity and for <i>special purpose vehicles</i> ('SPVs') (i.e. firms that fall within the Handbook definition of a special purpose vehicle).</p> <p>You should also detail the number of non-regulated loans administered as at the end of the quarter for firms <i>firms</i> with a <i>mortgage lender's</i> activity, for other firms <i>persons</i> (i.e. lenders including unauthorised purchasers of your off-balance sheet mortgages for which whom you administer mortgages but they themselves do not have a mortgage lender's activity) and for <i>SPVs special purpose vehicles</i>.</p> <p>The total (all loans) is the sum of <i>regulated mortgage contracts</i> and non-regulated loans.</p>
...	
G2	Lenders <u>Persons</u> for whom mortgage administration was being carried out at quarter-end
	<p>Collects data only on the top five lenders <i>persons</i> for each category by value (i.e. the largest five firms <i>persons</i> by value, based on balances outstanding on regulated loans) for whom mortgage administration was being carried out at the quarter end. (Details on other lenders <i>persons</i> are not required to be shown, over and above the top five listed in each category.)</p> <p>The analysis required in G2 covers all <i>mortgage administration</i> activity undertaken by your firm <i>firm</i>, irrespective of whether your firm <i>firm</i> is acting as a 'principal' or 'other' administrator. The final column of the analysis, however, asks you to indicate your status for each firm <i>person</i> listed, namely whether acting as 'Principal' or as 'Other' administrator.</p>
...	
G2.2	Other firms <u>persons who own loans</u>
	<p>Please detail the top five other firms <i>persons who own beneficially the rights of the lender under the relevant mortgage contracts</i> (by value) for whom <i>mortgage administration</i> was being carried out at the quarter-end (but who themselves do not have a <i>mortgage lender's</i> activity; these persons may be authorised persons or unauthorised persons).</p>
	<p>You should indicate the value of <i>regulated mortgage contracts</i> and non-regulated loans for each of the top five other firms <i>persons who own beneficially the rights of the lender under the relevant mortgage contracts and</i> for whom you administer.</p>
	<p>The total (all loans) for each firm <i>person</i> listed is the sum of <i>regulated mortgage contracts</i> and non-regulated loans.</p>

G 2.3	SPVs <u>Special purpose vehicles</u>
	Please detail the top five <i>SPVs special purpose vehicles</i> (by value) for whom <i>mortgage administration</i> was being carried out at the quarter-end. If your <i>firm</i> has off-balance sheet loans (which it has reported in G1.1 c) and G1.2 c)) then please show your <i>firm</i> as one of these five <i>SPVs special purpose vehicles</i> as follows:
	<ul style="list-style-type: none"> • group together all <i>SPVs special purpose vehicles</i> for which your <i>firm</i> is the originator and show the aggregated amounts on a single line (irrespective of whether the total of regulated loans for all such <i>SPVs special purpose vehicles</i> would rank within the top five); • under “firm reference” column, put your <i>firm</i>’s reference number; • under “Name of firm” column, put your <i>firm</i>’s name followed by “own <i>SPVs special purpose vehicles</i>” in brackets, for example XYZ firm name (own <i>SPVs special purpose vehicles</i>). <p>You should indicate the value of <i>regulated mortgage contracts</i> and non-regulated loans for each of the top five <i>SPVs special purpose vehicles</i> for whom you administer.</p> <p>The total (all loans) for all <i>SPVs special purpose vehicles</i> listed is the sum of regulated mortgage contracts and non-regulated loans.</p>

SECTION H: MORTGAGE ADMINISTRATION – Arrears analysis

Type of loans to be reported

This arrears analysis should cover only those types of loan listed below, in respect of which your *firm* is formally acting as principal administrator ~~in exercising a mortgage administrator’s activity~~. Thus, irrespective of whether your *firm* has a *mortgage administrator*’s activity, if you are merely acting as an administrator for a third party that itself has, ~~and is exercising,~~ a *mortgage administrator*’s activity, then you should not include any such loans in this analysis.

The types of loans to be included in the analysis are:

- (i) Loans administered for *firms* which do not themselves have a *mortgage lender*’s activity. These ~~are the~~ loans are reported at G1.2 b) in table G.
- (ia) Loans administered for any other *person*, including loans which your *firm* originated but which have been securitised off-balance sheet (and are therefore not reported in section A3 of Table A under “Securitised balances”). These loans are also reported at G1.2 b) in table G.
- (ii) Loans administered for ~~third party~~ *SPVs special purpose vehicles*. These

loans are reported at G1.2 c) in table G.

- (iii) ~~where your *firm* has a *mortgage lender's* activity, loans that represent your *firm's* off balance sheet loans and which you have reported in section A3 of table A as "gross balances" under "Securitised balances" [deleted].~~

NB: ~~loans in (ii) and (iii) are all those shown in G1.2c of table G.~~

Part 2 – Comes into force on 1 January 2021

16 Reporting requirements

...

16.11 Product Sales Data Reporting

Application

16.11.1 R This section applies:

...

(2) in relation to performance data reports,:

(a) ~~to a *the firm* in ("A") which ~~the rights and obligations of the lender under a~~ entered into the *regulated mortgage contract* are vested; or~~

(b) where the right of the lender to receive payments under the *regulated mortgage contract* has passed to another person ("B") by legal or equitable assignment or by operation of law:

(i) where B is a *firm* with *permission for administering a regulated mortgage contract*, *firm B* (and it is immaterial for this purpose whether B makes arrangements for A or another *person* to administer the mortgage or to exercise the lender's rights under it); or

(ii) where B is not a *firm* with *permission for administering a regulated mortgage contract* and B enters into an agreement with a *firm* ("C") to administer the contract, *firm C* (it is immaterial for this purpose whether *firm C* is *firm A*, or whether *firm C* enters into an arrangement with another *person* to outsource or delegate the performance of some of those administration activities).

16.11.1 A G Where a *regulated mortgage contract* has been sold or securitised, the *firm* responsible for the performance data report should be the 'principal administrator' submitting the *MLAR* (see section G of *SUP 16 Annex*

19AR and the guidance notes on section G in SUP 16 Annex 19BG).

Purpose

16.11.2 G ...

(3) Certain of the information is required under PRA rules: see SUP 16.11.7R(2) to (5). This information is collected by the FCA for the PRA, but the PRA allows the FCA to retain the information for the FCA's purposes.

Reporting requirement

16.11.3 R ...

(3) A firm must submit a nil return in respect of performance data reports if it does not own any rights of a lender under a regulated mortgage contract, and only carries on the regulated activity of administering a regulated mortgage contract for firms which are themselves obliged to submit performance data reports under SUP 16.11.1R(2).

...

...

**16
Annex
21R**

Reporting Fields

...

2

...

(c)

...

Data reporting field	Code (where applicable)	Notes
Performance Data (report for all regulated mortgage contracts)		
Reference number of lender that currently holds the mortgage the firm to which SUP 16.11.1R(2) applies	Numeric	This field must contain the firm reference number of the lender that currently holds the mortgage whether they originated the mortgage or have bought it from another firm. Where the mortgage is securitised, this includes the lender that retains an interest in the

		<u>mortgage. This should be the FRN of the <i>firm</i> which is obliged to submit the performance data report (not the FRN of the reporting agent, if there is one, appointed under SUP 16.11.11R).</u>
<u>Is the beneficial owner of the rights of the lender under the mortgage contract a <i>firm</i>?</u>	Y = yes N = no	
<u>Reference number of the <i>firm</i> which is the beneficial owner of the lender's rights under the mortgage contract</u>	Numeric	<u>Where the <i>firm</i> submitting the report is the beneficial owner, report the reference number of that <i>firm</i>.</u> <u>Where the beneficial owner is a <i>firm</i> other than the <i>firm</i> submitting the report, report the reference number of the other <i>firm</i>.</u> <u>If the beneficial owner is an <i>unauthorised person</i>, do not report this <i>data element</i>.</u>
<u>Name of the <i>unauthorised person</i> which is the beneficial owner of the lender's rights under the mortgage contract</u>	Alphanumeric	<u>Where the beneficial owner is an <i>unauthorised person</i>, report the legal name (rather than a trading name) of that <i>person</i>.</u> <u>If that <i>unauthorised person</i> is a <i>special purpose vehicle</i>, report "SPV".</u> <u>If the beneficial owner is an <i>authorised person</i>, do not report this <i>data element</i>.</u>
<u>Is the legal owner of the lender's rights under the mortgage contract a <i>firm</i>?</u>	Y = yes N = no	<u>Where the lender's rights have been sold or assigned in a way which creates a split between the legal and beneficial ownership of those rights, report whether the legal owner is a <i>firm</i> or not.</u>
<u>Reference number of the <i>firm</i> which is the legal owner of the lender's rights under the mortgage contract</u>	Numeric	<u>Where the <i>firm</i> submitting the report is the legal owner, report the reference number of that <i>firm</i>.</u> <u>Where the legal owner is a <i>firm</i> other than the <i>firm</i> submitting the report, report the reference number of the legal owner.</u> <u>If the legal owner is an <i>unauthorised</i></u>

		<i>person</i> , do not report this <i>data element</i> .
<u>Name of the <i>unauthorised person</i> which is the legal owner of the lender's rights under the mortgage contract</u>	Alphanumeric	Where the legal owner is an <i>unauthorised person</i> , report the legal name (rather than a trading name) of that <i>person</i> . If that <i>unauthorised person</i> is a <i>special purpose vehicle</i> , report "SPV". If the legal owner is an <i>authorised person</i> , do not report this <i>data element</i> .
<u>Is the account part of a closed book?</u>	Y = yes N = no	Report 'Y' if the mortgage account (or collection of accounts of which the account is treated as part, i.e. the mortgage book) is closed to new business. This will be the case where the only new funds transferred to the account or the book are further advances to the <i>customer</i> (or existing <i>customers</i> within the book), but the <i>customer</i> is not able to change to a new product type or switch interest rate types. This would include mortgage books owned by <i>unauthorised persons</i> , mortgage books owned by <i>authorised persons</i> whose permission does not include the <i>regulated activity of entering into a regulated mortgage contract</i> , and mortgage books where the owner has <i>permission</i> to carry on the <i>regulated activity of entering into a regulated mortgage contract</i> but is not exercising it in relation to the mortgage book or <i>customers</i> within the book.
<u>Reference number of administrator</u>	Numeric	Where the mortgage is administrated by a third party that is an <i>authorised person</i> , this field must contain the reference number of that <i>firm</i> . (This should be the <u>Principal administrator</u> rather than the <u>Other administrator</u> : see Section G of SUP 16 Annex 19BG.)
...

Part 3: Comes into force on 1 April 2021**16 Reporting requirements**

...

16.11 Product Sales Data Reporting

...

Content of the report

16.11.5 R A sales data report must contain sales data in respect of the following products:

...

- (3) regulated mortgage contracts (but not including further advances (see SUP 16.11.7R(3)) and internal product transfers and internal remortgages, irrespective of whether there is a new mortgage contract);

...

...

16.11.7 R (1) A data report must comply with the provisions of SUP 16 Annex 21R.

- (2) But (3) to (5) apply where a firm which is required to submit a sales data report under SUP 16.11.3R(1)(a) is a PRA-authorised person which is also required to submit information to the FCA under chapter 23 (regulatory mortgage contract reporting) of the PRA's Regulatory Reporting rules.

- (3) Where the sales data report relates to a further advance, SUP 16.11.3R(1)(a) and SUP 16 Annex 21R apply to the firm only in relation to the format in which the data elements in the report are to be submitted to the FCA.

- (4) Where the sales data report does not relate to a further advance, SUP 16.11.3R(1)(a) and SUP 16 Annex 21R apply to the firm in respect of the data elements listed in (5) only in relation to the format in which the data elements are to be submitted to the FCA.

- (5) The data elements are:

- (a) the total amount owed by the borrower to the firm and secured on the property immediately prior to the new borrowing;

- (b) for a second charge regulated mortgage contract, the total amount owed by the borrower to third parties secured on the property;
- (c) rate to which stress test applied; and
- (d) contractual reversion rate.

...

**16
Annex
19AR** **Mortgage Lenders & Administrators Return ('MLAR')**

...

E(2) RESIDENTIAL LOANS TO INDIVIDUALS: Nature of loan and purpose

...

E6 By purpose

...

E6. 3 Further ~~advance~~ advances and drawdowns ...

...

**16
Annex
19BG** **Notes for Completion of the Mortgage Lenders & Administrators Return ('MLAR')**

...

SECTION E: RESIDENTIAL LOANS TO INDIVIDUALS – New business profile

...

E6 By purpose

...

E6.3 Further ~~advance~~ advances and drawdowns

A further loan (either as a ~~normal~~ further advance, or as a second charge loan where the *firm* has the first charge) to an existing borrower of the *firm*, secured on the same property; or a drawdown on a flexible mortgage.

The underlying purpose of the further advance or drawdown is not relevant and could include e.g. purchasing freehold interest in a currently owned leasehold property; buying a second property on the security of the first; as a consumer loan fully secured on residential property; ~~or as a 'drawdown' on a flexible mortgage.~~

However, further advances and drawdowns on existing buy to let loans, and on *lifetime mortgage* loans should instead be reported against E6.2 and E6.6 respectively.

...

16
Annex
20G

Products covered by the reporting requirement in SUP 16.11

...

In the case of mortgage transactions, the reporting requirement ~~only~~ applies to loans for house purchase, ~~and~~ remortgages, internal product transfers (including those effected by a new mortgage contract and those effected as contract variations) and ~~(in the case of sales data only) not to~~ further advances. In the case of sales data, a reportable mortgage transaction applies where the mortgage transaction has completed (i.e. funds have been transferred and have been applied for the purpose of the mortgage).

...

16
Annex
21R

Reporting fields

...

2 **SPECIFIC REPORTING FIELDS**

...

(c) Mortgages

...

Notes

...

- (3) ~~In the case of sales data only, reporting fields should not be completed in relation to further advances [deleted]~~

...

(8) In this Annex:

- (a) a “further advance” means a further loan to an existing borrower of the *firm* and which is secured on the same property, whether under a new mortgage contract, or by variation to an existing mortgage contract. A “further advance” includes a loan secured by a second or subsequent charge where the *firm* has the benefit of the first charge (or other charge ranking in priority to that on which the further advance is secured); and
- (b) an “internal product transfer” means where a borrower under a *regulated mortgage contract* does not change lender but transfers internally to a different mortgage product, or renews their existing product, with no additional borrowing (other than product fees or arrangement fees added to the outstanding amount), whether or not the transfer involves a new *regulated mortgage contract*.

Data reporting field	Code (where applicable)	Notes
Sales Data (report for all <i>regulated mortgage contracts</i>)		
<u>Date mortgage account opened of mortgage transaction</u>	DD/MM/YYYY	Date of mortgage completion or draw-down of the funds. <u>In the case of an internal product transfer or other internal remortgage, this should be the date the new account is opened, or the rate change or product switch is effected.</u>
<u>Original transaction reference</u>	Numeric / Alphanumeric	<p><u>Only report this <i>data element</i> where there is a further advance or an internal product transfer or other internal remortgage. Report the transaction reference of the mortgage when originally reported.</u></p> <p><u>If the mortgage is an internal remortgage or the result of a series of internal remortgages, report the transaction reference of the earliest predecessor mortgage in that series.</u></p> <p><u>If that predecessor mortgage predates sales data reporting (i.e. the original mortgage transaction pre-dates 1 April 2005), report “predates”.</u></p> <p><u>If the transaction reference to be reported is not known, report</u></p>

		“unknown”.
<u>Date of original mortgage transaction</u>	<u>DD/MM/YYYY</u>	<p>Only report this <i>data element</i> where there is a further advance or an internal product transfer or other internal remortgage. Report the date of the mortgage transaction when originally reported.</p> <p>If the mortgage is an internal remortgage or the result of a series of internal remortgages, report the transaction date of the earliest predecessor mortgage in that series.</p> <p>If that predecessor mortgage predates sales data reporting (i.e. the original mortgage transaction pre-dates 1 April 2005), or the date to be reported is not known, report “01/01/1900”.</p>
...
Type of mortgage	<p>L = <i>lifetime mortgage</i></p> <p>SA = <i>shared appreciation mortgage</i></p> <p>SO = shared ownership mortgage</p> <p>BM = business loan</p> <p>BL = bridging loan</p> <p>FA = further advance under an existing mortgage contract</p> <p>FN = further advance under a new mortgage contract</p>	<p>Use code to indicate mortgage type. Report all relevant codes.</p> <p>Report ‘NA’ to denote ‘not applicable’ where codes do not apply.</p> <p>Report ‘FA’ for a further advance under the same mortgage contract.</p> <p>Report ‘FN’ for a further advance under a new mortgage contract.</p> <p>Report a ‘guarantor mortgage’ where the income of a guarantor has been included in the affordability assessment.</p> <p>Report a ‘low start mortgage’ where payments are made on an interest-only basis for a set period at the start of the mortgage, but payments contractually revert to a repayment basis after this set period.</p> <p>Report ‘PT’ for an internal product transfer.</p> <p>Report ‘SC’ for a <i>second charge regulated mortgage contract</i>. Where</p>

	<p>GM = guarantor mortgage</p> <p>HN = loan to a <i>high net worth mortgage customer</i></p> <p>BR = buy-to-let mortgage (regulated)</p> <p>LO = low start mortgage</p> <p><u>PT = internal product transfer</u></p> <p>RI = retirement interest-only mortgage</p> <p>SB = self-build mortgage</p> <p>SE = secured overdraft</p> <p>SC = <i>second charge regulated mortgage contract</i></p> <p>VN = contract variation with no affordability assessment</p> <p>NA = not applicable</p>	<p>relevant, report both 'FN' and 'SC' where the <i>firm</i> is entering into a <u><i>second charge regulated mortgage contract</i></u> and the borrower also has amounts owing to the <i>firm</i> secured by a first charge on the property, or 'FA' and 'SC' where there is a further advance under a <u><i>second charge regulated mortgage contract</i></u>.</p> <p>Where there is an internal product transfer on a <u><i>second charge regulated mortgage contract</i></u>, report 'PT' and 'SC'.</p> <p>Report 'VN' for contract variations that result in a new <u><i>regulated mortgage contract</i></u>, where no affordability assessment has been undertaken in accordance with <i>MCOB</i> 11.6. <u>Where relevant, report as both 'VN' and 'PT'.</u></p> <p>Report 'L' if the mortgage is a <i>lifetime mortgage</i> of the type described in <i>MCOB</i> 9.4.132AR.</p>
...
Was this mortgage advanced under a government supported initiative?	...	<p>Report whether the mortgage was advanced under a government supported initiative, e.g. through provision of a shared equity loan or indemnity insurance.</p> <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>

...
Type of borrower	<p>F = first time buyer</p> <p>M = home movers (2nd or subsequent buyers)</p> <p><u>I = internal remortgagors</u></p> <p>R = <u>external</u> remortgagors</p> <p>C = council/ registered social landlord tenant exercising their right to buy</p> <p>O = other</p>	<p>Use code to indicate type of borrower.</p> <p>A mortgage taken on a previously unencumbered property should be reported as a remortgage.</p> <p>Only 1 code should be entered.</p> <p>Report 'O' for <i>lifetime mortgages, bridging loans, further advances</i> and <i>second charge regulated mortgage contracts</i> that are not for remortgage purposes.</p> <p><u>Report 'I' for internal product transfers and other internal remortgages (including those done through a contract variation rather than by entering into a new contract). Report 'R' for all other remortgages.</u></p>
...
Repayment strategy for interest-only and mixed mortgages	...	<p>Report where any part of the mortgage has been advanced on an interest-only basis.</p> <p>Where there is more than one repayment strategy, report all.</p> <p>For a <i>lifetime mortgage</i> of the type described in <i>MCOB 9.4.132AR</i>, report both 'L' and 'C'.</p> <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>
...
Term of mortgage in months	Numeric	<p>Report the mortgage term in months.</p> <p><u>For an internal product transfer or other internal remortgage, or for a further advance, report the remaining term at the time of the transfer, remortgage or advance.</u></p> <p>Where the loan is split into more than</p>

		one part, report the term applying to the largest part of the loan.
Size of loan	Numeric £	The original balance when the mortgage was completed. <u>For an internal product transfer, report the balance immediately after the transfer. For a further advance, report the size of the advance.</u> This amount should include fees and charges added to the loan.
Market value of the mortgaged property	.	Report the market value of the mortgaged property represented as a sterling equivalent amount. The value reported should be based on the surveyors <u>surveyor's</u> valuation, a valuation index, or other method that the product provider used to determine the market value. In the case of staged construction or self build schemes, value means 'expected final value of property at the time the lending decision is made'. <u>In the case of an internal product transfer, do not report this <i>data element</i>.</u>
Type of valuation at origination of mortgage	I = internal inspection E = external inspection only, including drive-by A = automated valuation model, indexed or desktop valuation O = other <u>N = no valuation carried out</u>	Report the type of valuation undertaken to obtain the market value of the mortgaged property. An internal inspection is where a valuer has carried out an internal inspection of the property. An external inspection is where the property has been inspected (including by drive-by inspection), but without an internal inspection of the property. <u>In the case of an internal product transfer, do not report this <i>data element</i>.</u>
<u>The total amount owed by the borrower to the <i>firm</i> and secured on the property immediately</u>	Numeric £	<u>For a new mortgage contract, report the total amount owing to the <i>firm</i> and secured on the property that is outstanding immediately prior to the</u>

<p>prior to the new borrowing</p>		<p>mortgage advance.</p> <p>For a further advance under an existing <i>regulated mortgage contract</i> (which constitutes a variation to that mortgage contract), report the amount owed to the <i>firm</i> and secured on the property immediately prior to the making of that further advance.</p> <p>Where there is a further advance under an existing <i>regulated mortgage contract</i> which is a <i>second charge regulated mortgage contract</i>, report the amount owed to the <i>firm</i> and secured on the property immediately prior to the making of that further advance.</p> <p>This <i>data element</i> is not limited to amounts secured by <i>regulated mortgage contracts</i>, but includes any borrowing secured on the property.</p> <p>In the case of an internal product transfer, do not report this <i>data element</i>.</p>
<p>For a <i>second charge regulated mortgage contract</i>, the total amount owed by the borrower to third parties secured on the property</p>	<p>Numeric £</p>	<p>Report the total amount owing to third parties and secured on the property at the time of the mortgage advance or further advance, as relevant. (Amounts owing to the <i>firm</i> secured by charge ranking in priority to the <i>second charge regulated mortgage contract</i> should be included in the <i>data element</i> above.)</p> <p>This <i>data element</i> is not limited to amounts secured by <i>regulated mortgage contracts</i>, but includes any borrowing secured on the property.</p> <p>In the case of an internal product transfer, do not report this <i>data element</i>.</p>
<p>...</p>	<p>...</p>	<p>...</p>
<p>Amount of extra money withdrawn for remortgages</p>	<p>...</p>	<p>For remortgages only, report the amount of extra money withdrawn, when the new mortgage is larger than the previous mortgage.</p> <p>Report the extra money withdrawn as the size of the new loan reported less</p>

		<p>the value of the previous mortgage outstanding immediately prior to completion.</p> <p><u>In the case of an internal product transfer, do not report this data element.</u></p>
<p>The purpose of a <u>further advance, second charge regulated mortgage contract</u> or extra money withdrawn for remortgages</p>	<p>H = home improvements</p> <p>D = debt consolidation</p> <p>O = other</p>	<p>Use codes to indicate the purpose(s) of the <u>further advance, second charge regulated mortgage contract</u>, or the extra money withdrawn for first or second charge remortgages.</p> <p>Report all that apply.</p> <p><u>In the case of an internal product transfer, do not report this data element.</u></p>
<p>Amount of debt consolidated</p>	<p>...</p>	<p>Report only where the borrower is consolidating debt into the new mortgage.</p> <p><u>In the case of an internal product transfer, do not report this data element.</u></p>
<p>County court judgments (CCJs) – first borrower (Value)</p>	<p>Numeric £</p>	<p>Report where the first borrower has been the subject of one or more CCJs, with a total value greater than £500, within the last three years (whether satisfied or unsatisfied).</p> <p>Report '0' where the borrower does not have any CCJs.</p> <p>Where a CCJ is registered against the first and second borrower, report for both.</p> <p>A reference to the 'county court' is a reference to the county court in England and Wales, the county court in Northern Ireland and the sheriff court in Scotland.</p> <p><u>In the case of an internal product transfer, do not report this data element.</u></p>
<p>County court judgments (CCJs) – second borrower (Value)</p>	<p>Numeric £</p>	<p>Report where the second borrower has been the subject of one or more CCJs, with a total value greater than £500, within the last three years (whether satisfied or unsatisfied).</p>

		<p>Report '0' where the borrower does not have any CCJs.</p> <p>Where a CCJ is registered against the first and second borrower, report for both.</p> <p>A reference to the 'county court' is a reference to the county court in England and Wales, the county court in Northern Ireland and the sheriff court in Scotland.</p> <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>
Impaired credit history of first borrower	<p>A = arrears</p> <p>V = IVA</p> <p>B = bankruptcy</p> <p>D = debt relief order</p> <p>NA = not applicable</p>	<p>Use code/s to indicate applicable credit history of first borrower. Report all that apply.</p> <p>A = applies where within the last two years, the first borrower has owed overdue payments, of an amount equivalent to three months payments, on a mortgage or other loan (whether secured or unsecured).</p> <p>V = applies where the first borrower has been subject to an individual voluntary arrangement (IVA) at any time within the last three years.</p> <p>B = applies where the first borrower has been subject to a bankruptcy order at any time within the last three years.</p> <p>D = applies where the first borrower has been subject to a debt relief order any time within the last three years.</p> <p>Where the impaired credit item relates to both the first and second borrower, report for both.</p> <p>Report 'NA' to denote 'not applicable' where the borrower has no relevant impaired credit history items.</p> <p>For the purposes of this note:</p> <ul style="list-style-type: none"> - a reference to an 'individual voluntary arrangement' includes a

		<p>protected trust deed in Scotland;</p> <ul style="list-style-type: none"> - a reference to a ‘bankruptcy order’ includes a declaration as to bankruptcy made by the sheriff or the Accountant in Bankruptcy in Scotland; - a reference to a ‘debt relief order’ includes LILA (Low Income Low Asset) Bankruptcy in Scotland. <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>
<p>Impaired credit history of second borrower</p>	<p>A = <i>arrears</i></p> <p>V = IVA</p> <p>B = bankruptcy</p> <p>D = debt relief order</p> <p>NA = not applicable</p>	<p>Use code/s to indicate applicable credit history of second borrower. Report all that apply.</p> <p>A = applies where within the last two years, the second borrower has owed overdue payments, of an amount equivalent to three months payments, on a mortgage or other loan (whether secured or unsecured).</p> <p>V = applies where the second borrower has been subject to an individual voluntary arrangement (IVA) at any time within the last three years.</p> <p>B = applies where the second borrower has been subject to a bankruptcy order at any time within the last three years.</p> <p>D = applies where the second borrower has been subject to a debt relief order any time within the last three years.</p> <p>Where the impaired credit item relates to both the first and second borrower, report for both.</p> <p>Report ‘NA’ to denote ‘not applicable’ where the borrower has no relevant impaired credit history items.</p> <p>For the purposes of this note:</p> <ul style="list-style-type: none"> - a reference to an ‘individual voluntary arrangement’ includes a

		<p>protected trust deed in Scotland;</p> <p>- a reference to a ‘bankruptcy order’ includes a declaration as to bankruptcy made by the sheriff or the Accountant in Bankruptcy in Scotland;</p> <p>- a reference to a ‘debt relief order’ includes LILA (Low Income Low Asset) Bankruptcy in Scotland.</p> <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>
...
Purchase price of property (purchases only)	...	<p>Report purchase price as stated on the mortgage application.</p> <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>
Is the dwelling new?	<p>Y = Yes</p> <p>N = No</p>	<p>Report ‘Y’ if the property is a new build property.</p> <p>‘New’ refers to the period in which the main structure of the dwelling was completed and also means where a dwelling is being occupied for the first time. It does not include new conversions of older dwellings.</p> <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>
...
Customer’s share of property, for shared ownership	...	<p>Report percentage of <i>customer’s</i> share.</p> <p><u>In the case of an internal product transfer, do not report this <i>data element</i>.</u></p>
...
<p>Affordability data</p> <p>Do not report affordability data when affordability assessment has not been undertaken, i.e. for an <i>interest roll up mortgage</i> <u>an affordability assessment has not been undertaken or the <i>firm</i> has relied on a <i>rule</i> other than one in <i>MCOB 11.6</i> when undertaking an affordability assessment.</u></p>		

...		
...
Stress-tested interest rate used to assess the effect of future interest rate rises on affordability	Numeric %	<p>Report the actual rate used, e.g. sum of product rate plus any increment or flat rate.</p> <p>If <i>MCOB</i> 11.6.18R does not apply because the interest rate is fixed for five years or more, report the fixed rate.</p> <p>See <i>MCOB</i> 11.6.18R for the requirements for considering the effect of future interest rate increases.</p>
<u>Rate to which stress test applied</u>	Numeric %	<p><u>Report the interest rate to which the stress was applied to produce the rate reported in the <i>data element</i> above.</u></p> <p><u>If no stress test was undertaken, do not report this <i>data element</i>.</u></p>
<u>Contractual reversion rate</u>	Numeric %	<p><u>The contractual reversion rate is the rate which, at the date of the mortgage transaction being reported, is expected to apply at the end of any initial incentivised or fixed rate periods.</u></p> <p><u>If the contractual reversion rate is different from the rate to which the stress test is applied (see the <i>data element</i> above), report the contractual reversion rate; otherwise do not report this <i>data element</i>.</u></p> <p><u>If no stress test was undertaken, do not report this <i>data element</i>.</u></p>
...

Appendix 2

Made rules (legal instrument – PRA rules)

**PRA RULEBOOK: REGULATORY REPORTING (MORTGAGE REPORTING) AMENDMENT
INSTRUMENT 2019**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules); AND
 - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: Regulatory Reporting (Mortgage Reporting) Amendment Instrument 2019

- D. The PRA makes the rules in the Annexes to this instrument.

Part	Annex
Regulatory Reporting	A
Regulatory Reporting	B

Commencement

- E. Annex A comes into force on 1st October 2020. Annex B comes into force on 1st April 2021.

Citation

- F. This instrument may be cited as the PRA Rulebook: Regulatory Reporting (Mortgage Reporting) Amendment Instrument 2019.

By order of the Prudential Regulation Committee

5th September 2019

Annex A

Amendments to the Regulatory Reporting Part

In this Annex, unless otherwise indicated, new text is underlined and deleted text is struck through.

Part

REGULATORY REPORTING

Chapter content

11 REGULATED ACTIVITY GROUP 5

...

11.2

...

- (1) When submitting the completed *data item* required, a *firm* must use the format of the ~~data item~~ *data item* set out in **Chapter 1816**.

...

16 DATA ITEMS AND OTHER FORMS

...

- 16.21 MLAR can be found ~~here~~ [here](#).

...

Annex B

Amendments to the Regulatory Reporting Part

In this Annex, unless otherwise indicated, new text is underlined and deleted text is struck through.

Part

REGULATORY REPORTING

Chapter content

...

23. REGULATORY MORTGAGE CONTRACT REPORTING

...

1 APPLICATION AND DEFINITIONS

...

1.2

...

contractual reversion rate

means the interest rate on a regulated mortgage contract to which the interest rate which applies at the date of the mortgage transaction will change at the end of any initial incentive or fixed rate period.

...

further advance

means a further loan to an existing borrower of the firm and which is secured on the same property, whether under a new mortgage contract or by variation to an existing mortgage contract, including a loan secured by a second or subsequent charge where the firm has the benefit of the first charge (or other charge ranking in priority to that on which the further advance is secured).

...

regulated mortgage contract

means the investment specified in Article 61(3)(a) of the Regulated Activities Order.

...

second charge regulated mortgage contract

means a regulated mortgage contract which is not a legal mortgage ranking in priority ahead of all other mortgages (if any) affecting the property in question, where 'mortgage' includes charge and (in Scotland) a heritable security.

...

2 REPORTING REQUIREMENTS – DATA ITEMS

...

2.11 A firm permitted to carry on the regulated activity of entering into a regulated mortgage contract, except an incoming EEA firm with permission for cross border services only, must also submit data items as required by Chapter 23.

...

23 REGULATORY MORTGAGE CONTRACT REPORTING

Application

23.1 This Chapter applies to every *firm* permitted to carry on the *regulated activity of entering into a regulated mortgage contract*, except an *incoming EEA firm with permission for cross border services only*.

Reporting Requirement

23.2 If a *firm* makes a *further advance* under a *regulated mortgage contract*, the *firm* must submit to the *FCA* a 'sales data report' within the meaning of SUP 16.11 of the *FCA Handbook* which contains the *data elements* set out in SUP 16 Annex 21 of the *FCA Handbook*.

23.3 If a *firm* makes an advance under a *regulated mortgage contract* which is not a *second charge regulated mortgage contract*, the *firm* must submit the *data elements* specified in 23.6 to the *FCA* as part of a 'sales data report' under SUP 16.11 of the *FCA Handbook*.

23.4 If a *firm* makes an advance under a *second charge regulated mortgage contract* the *firm* must submit the *data elements* specified in 23.7 to the *FCA* as part of a 'sales data report' under SUP 16.11 of the *FCA Handbook*.

23.5 (1) A *firm* may appoint another person to submit the 'sales data report' under 23.2 or the *data elements* under 23.3 or 23.4 on the *firm's* behalf if the *firm* has informed the *PRA* and the *FCA* of that appointment in writing.

(2) Where (1) applies, the *firm* must ensure that the submission complies with the requirements of this Chapter and identifies the originator of the transaction.

Data Elements

23.6 The *data elements* referred to in 23.3 are:

- (1) the total amount owed by the borrower to the *firm* and secured on the same property immediately prior to the new borrowing– this *data element* is not limited to amounts secured by *regulated mortgage contracts*, but includes any borrowing secured on the property;
- (2) if a stress test was undertaken, the interest rate to which stress was applied in order to produce a stress-tested interest rate; and
- (3) if a stress test was undertaken and the *contractual reversion rate* is different from the rate reported in (2), the *contractual reversion rate* specified in the *regulated mortgage contract*.

23.7 The *data elements* referred to in 23.4 are:

- (1) the total amount owed by the borrower to the *firm* and secured on the same property immediately prior to the new borrowing– this *data element* is not limited to amounts secured by *regulated mortgage contracts*, but includes any borrowing secured on the property;
- (2) the total amount owed by the borrower to third parties secured on the property;
- (3) if a stress test was undertaken, the interest rate to which stress was applied in order to produce a stress-tested interest rate; and
- (4) if a stress test was undertaken and the *contractual reversion rate* is different from the rate reported in (3), the *contractual reversion rate* specified in the *second charge regulated mortgage contract*.

Mode of Reporting

23.8 A firm must submit the 'sales data report' required by 23.2 and the *data elements* required by 23.3 and 23.4 in accordance with the procedure and format for a 'sales data report' set out in SUP 16.11 of the *FCA Handbook*.

