

HANDBOOK ADMINISTRATION (NO 33) INSTRUMENT 2014**Powers exercised**

- A. The Financial Conduct Authority makes this instrument in the exercise of the powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Financial Services and Markets Act 2000.

Commencement

- C. This instrument comes into force as follows:
- (1) Annex E (MIPRU), Annex G (COBS) and Annex H (MCOB) come into force on 26 April 2014;
 - (2) Part 2 of Annex J (SUP) comes into force on 1 January 2015;
 - (3) the remainder of this instrument comes into force on 1 April 2014.

Amendments to the FCA Handbook

- D. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)	Annex C
Prudential sourcebook for Investment Firms (IFPRU)	Annex D
Prudential sourcebook for Mortgages and Home Finance Firms, and Insurance Intermediaries (MIPRU)	Annex E
Interim Prudential sourcebook for Investment Businesses (IPRU(INV))	Annex F
Conduct of Business sourcebook (COBS)	Annex G
Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)	Annex H
Client Assets sourcebook (CASS)	Annex I
Supervision manual (SUP)	Annex J
Dispute Resolution: Complaints sourcebook (DISP)	Annex K
Consumer Credit sourcebook (CONC)	Annex L
Recognised Investment Exchanges sourcebook (REC)	Annex M

Amendments to the material outside the Handbook

- E. The Perimeter Guidance manual (PERG) is amended in accordance with Annex N to this instrument.

Notes

- F. In the Annexes to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Handbook Administration (No 33) Instrument 2014.

By order of the Board of the Financial Conduct Authority
27 March 2014

Annex A

Amendments to the Glossary of definitions

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

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

ONA the *appropriate regulator's* online notifications and applications system, by whatever name known.

Amend the following as shown.

<i>continuous payment authority</i>	consent given by a <i>customer</i> for a <i>firm</i> to make one or more requests to a <i>payment service provider</i> for one or more payments from the <i>customer's</i> <i>payment account</i> <u>payment account</u> , but excluding: <ol style="list-style-type: none"> (a) ... (b) separate consent given by a <i>customer</i> to a <i>firm</i>, following the making of the <i>credit agreement</i>, for the <i>firm</i> to make a single request to a <i>payment service provider</i> for one payment of a specified amount from the <i>customer's</i> <i>payment account</i> <u>payment account</u> on the same day as the consent is given or on a specified day.
<i>credit token</i>	a credit token is a card, check, voucher, coupon, stamp, form, booklet or other document or thing given <u>given</u> to an <i>individual</i> by a <i>person</i> carrying on a <i>credit-related regulated activity</i> ("the provider"), who undertakes that: <p>...</p>
<i>deal on own account</i>	... <ol style="list-style-type: none"> (2) (for the purposes of <i>IFPRU</i> <u>other than in <i>GENPRU</i> and <i>BIPRU</i></u>) has the meaning in <i>IFPRU</i> 1.1.12R (Meaning of dealing on own account) which is, in summary, the service referred to in point 3 of Section A of Annex I to <i>MiFID</i>, subject to the adjustments in <i>IFPRU</i> 1.1.12R(2) and <i>IFPRU</i> 1.1.12R(3) (Implementation of article 29(2) of <i>CRD</i>).
<i>ILAS BIPRU firm</i>	a <i>firm</i> falling into <i>BIPRU</i> 12.1.1R <u>12.1.1AR</u> , but excluding a <i>firm</i> that is: <p>...</p>

- matched principal exemption conditions*
- (1) (for the purposes of *BIPRU*) the conditions set out in *BIPRU* 1.1.23R(2) (Meaning of dealing on own account).
 - (2) (other than in *BIPRU*) the conditions set out in *IFPRU* 1.1.12R (Meaning of dealing on own account).

Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

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

Effect of Public Interest Disclosure Act 1998 (PIDA)

18.2.1 G ...

(2) In accordance with section 1 of PIDA:

- (a) a protected disclosure is a qualifying disclosure which meets the relevant requirements set out in ~~that section~~ part 4A of the Employment Rights Act 1996;
- (b) a qualifying disclosure is a disclosure, made in ~~good faith~~ the public interest, of information which, in the reasonable belief of the worker making the disclosure, tends to show that one or more of the following (a “failure”) has been, is being, or is likely to be, committed:

...

...

...

Remuneration policies must promote effective risk management

...

19C.2.2 G ...

- (3) As with other aspects of a *firm's* systems and controls, in line with SYSC 4.1.2R and SYSC 4.1.2A~~BR~~ 4.1.2AAR, remuneration policies, procedures and practices must be comprehensive and proportionate to the nature, scale and complexity of the ~~common platform~~ *firm's* activities. ...

...

...

19C.3.6 G (1) In the *FCA's* view:

...

- (d) *firms* should consider how the examples of the table in (2) apply to their own organisational structure ~~(as the description~~

of suggested business lines in the first row may be most appropriate to a *firm* which *deals on its own account* to a significant extent);

...

...

Annex C

**Amendments to the Prudential sourcebook for Banks, Building Societies and
Investment Firms (BIPRU)**

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

Meaning of dealing on own account

1.1.23 R ~~{deleted}~~

- (1) Dealing on own account means (for the purpose of *GENPRU* and *BIPRU*) the service of dealing in any *financial instruments* for own account as referred to in point 3 of Section A of Annex I to *MiFID*, subject to (2) and (3).
- (2) In accordance with article 5(2) of the *Capital Adequacy Directive* (Definition of dealing on own account), a *CAD investment firm* that executes investors' orders for *financial instruments* and holds such *financial instruments* for its own account does not for that reason deal on own account if all of the following conditions are met:
- (a) such position only arises as a result of the *CAD investment firm's* failure to match investors' order precisely;
- (b) the total market value of all such positions is no higher than 15% of the *CAD investment firm's* initial capital;
- (c) (in the case of a *BIPRU firm*) it complies with the main *BIPRU Pillar 1* rules;
- (d) (in the case of a *CAD investment firm* that is an *EEA firm*) it complies with the *CRD implementation measures* of its *Home State* for articles 18 and 20 (Minimum capital requirements) of the *Capital Adequacy Directive*;
- (e) (in the case of any other *CAD investment firm*) it would comply with the rules in (2)(c) if it had been a *BIPRU firm* on the basis of the following assumptions:
- (i) its head office had been in an *EEA State*; and
- (ii) it had carried on all its business in the *EEA* and had obtained whatever authorisations for doing so as are required under *MiFID*; and
- (f) such positions are incidental and provisional in nature and strictly limited to the time required to carry out the transaction in question.

- (3) In accordance with article 5(2) of the *Capital Adequacy Directive*, the holding of *non-trading book positions in financial instruments in order to invest capital resources* is not *dealing on own account* for the purposes referred to in article 4(1)(2)(c) of the *EU CRR* (see *BIPRU 1.1.7AG*).

...

Trading book treatments

- 1.2.35 G All *positions* that are in a *firm's trading book* require capital to cover *position risk* and may require capital to cover counterparty credit risk ~~and to cover large exposures~~. Counterparty credit risk in the *trading book* is dealt with by *BIPRU 14* ~~and capital for large exposures is covered by *BIPRU 10*~~.

...

Link to standard rules: Incorporation of the IRB output into the capital calculation

...

- 4.1.23 R If a provision of the *Handbook* relating to the *IRB approach* says that a *firm* may do something if its *IRB permission* allows it, a *firm* may do that thing unless its *IRB permission* expressly says that it may not do so except that:

...

- (4) if a *firm* uses its own estimates of *LGD* and *conversion factors* it may only recognise the effects of financial collateral ~~under *BIPRU 10.2.19R* (Firms using own estimates of LGD and conversion factors under the IRB approach)~~ in the manner set out in its *IRB permission*;

...

...

Main consolidation rule for UK consolidation groups

- 8.2.1 R A *firm* that is a member of a *UK consolidation group* must comply, to the extent and in the manner prescribed in *BIPRU 8.5*, with the obligations laid down in *GENPRU 1.2* (Adequacy of financial resources); ~~and the main *BIPRU Pillar 1* rules (but not the *base capital resources requirement*) and *BIPRU 10* (Large exposures requirements)~~ on the basis of the consolidation financial position of:

...

Annex D

Amendments to the Prudential sourcebook for Investment Firms (IFPRU)

In this Annex, underlining indicates new text.

4.2 Standardised approach

...

- 4.2.3 R For the purposes of articles 124(2) and 126(2) of the *EU CRR*, and in addition to the conditions in those regulations, a *firm* may only treat *exposures* as fully and completely secured by mortgages on commercial immovable property located in the UK in line with article 126 where annual average losses stemming from lending secured by mortgages on commercial property in the *UK* did not exceed 0.5% of risk-weighted exposure amounts over a representative period. A *firm* must calculate the *loss* level in this *rule* on the basis of the aggregate market data for commercial property lending published by the *FCA* in line with article 101(3) of the *EU CRR*.

Annex E**Amendments to the Prudential sourcebook for Mortgages and Home Finance Firms,
and Insurance Intermediaries (MIPRU)**

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

Comes into force on 26 April 2014

4.2A Credit risk capital requirement

...

- 4.2A.5 R Any arrangements entered into on or after ~~{date to be confirmed}~~ 26 April 2014 which increase the amount of a loan already advanced or change the security to a loan already advanced or change the contractual terms (other than if the *firm* is exercising forbearance) of a loan already advanced will be subject to the credit risk capital requirement under *MIPRU* 4.2A.4R(2)(a) provided that, where the arrangements only increase the amount of a loan already advanced, such requirement shall only apply to the amount of such increase.

Annex F

**Amendments to the Interim Prudential sourcebook for Investment Businesses
(IPRU(INV))**

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

13 Financial Resource Requirements for Personal Investment Firms

...

Appendix 13(1): Defined terms for Chapter 13

{deleted}

Exchange a recognised investment exchange or designated investment exchange.

low resource firm a Category B3 firm which is not a network, has fewer than 26 financial advisers or representatives and is not permitted to:

- (a) carry on discretionary portfolio management;
- (b) establish, operate or wind up a personal pension scheme; or
- (c) delegate the activities in (a) or (b) to an investment firm.

net current assets the total, at a particular date, of all assets which are not intended for use on a continuing basis in the firm's business (i.e. current assets), less all the liabilities payable within 12 months of that date.

properly secured fully secured by a first charge in favour of the firm on land and buildings, or on a readily realisable investment where the firm has in its possession or under its control a document of title or a document evidencing title to that investment.

Annex G

Amendments to the Conduct of Business sourcebook (COBS)

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

Comes into force on 26 April 2014

[Editor's Note: The changes to COBS 6 Annex 2 confirm the changes which have already been made administratively to this annex. These changes restore the changes made by the Mortgage Market Review (Conduct of Business) Instrument 2012 (FSA 2012/46) and relevant minor corrections made by the FCA and PRA Handbook Designation (General Modifications) Instrument 2013 (FCA 2013/9).]

6 Annex 2 Combined initial disclosure document described in COBS 6.3, ICOBS 4.5, ~~MCOB 4.4.1R(1)~~ and ~~MCOB 4.10.2R(1)~~ 4.4A.20G

...

2 Whose products do we offer? [Note 4] [Note 4A] [Note 6]

...

Home Finance Products [Note 13]

~~[Compliance with Islamic law [Note 18]~~

~~Our services are regularly checked by [name(s) of scholar(s)] to ensure compliance with Islamic law. Ask us if you want further information about the role of our scholar(s).]~~

[1] ~~[Lifetime] [Mortgages] [Equity Release Products] [and Islamic] [home reversion schemes purchase plans]~~ [Note 13]

We offer ~~[lifetime] [mortgages] [home reversion plans] [equity release products]~~ from the whole market.

We ~~[can] [Note 7]~~ only offer ~~[lifetime] [mortgages] [home reversion plans] [equity release products]~~ from a limited number of ~~[lenders / companies]~~.
Ask us for a list of the ~~[lenders / companies]~~ we offer ~~[lifetime] [mortgages] [home reversion plans] [equity release products]~~ from. **[Note 14]**

We ~~[can] [Note 7]~~ only offer ~~[a limited range of the] [a] [lifetime] [mortgage] [s] [home reversion plan] [s] [equity release products]~~ from ~~[a single lender / company] [name of single lender / company]~~. **[Note 11(1) and (3)] [Note 16]**

~~[or]~~

We only offer our own ~~[lifetime] [mortgages] [home reversions plan] [equity~~

~~release products]. [Note 11(2)]~~

~~We do not offer [lifetime mortgages] [home reversion plans]. [Note 12]~~

~~[2] [Islamic Home Purchase Plans] [Note 19] [Note 13]~~

~~We offer Islamic home purchase plans from the whole market.~~

~~We [can] [Note 7] only offer Islamic home purchase plans from a limited number of providers.~~

~~Ask us for a list of the providers we offer Islamic home purchase plans from. [Note 14]~~

~~We [can] [Note 7] only offer [a limited range of the] [a] Islamic home purchase plan [s] from [a single provider] [name of single provider]. [Note 11(1) and (3)] [Note 16]~~

~~[or]~~

~~We only offer our own Islamic home purchase plans. [Note 11(2)]~~

~~Equity release products are either lifetime mortgages or home reversion plans. [Note 5]~~

~~We are not limited in the range of [mortgages] [equity release products] [Islamic] [home purchase plans] we will consider for you [Note 7A]~~

[Compliance with Islamic law [Note 18]

Our services are regularly checked by [name(s) of scholar(s)] to ensure compliance with Islamic law. Ask us if you want further information about the role of our scholar(s).]

3 Which service will we provide you with? [Note 4] [Note 4A] [Note 6] [Note 6A]

...

~~[Home Finance Products] [Note 13]~~

~~[1] [Mortgages] [Equity Release Products] [Note 13]~~

~~We will advise and make a recommendation for you on [lifetime mortgages] [home reversions] [equity release products] after we have assessed your needs.~~

- You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of [~~lifetime mortgages~~] [~~home reversions~~] [~~equity release products~~] that we will provide details on. You will then need to make your own choice about how to proceed.

[2] [Islamic Home Purchase Plans] [Note 13]

- We will advise and make a recommendation for you after we have assessed your needs.
- You will not receive advice or a recommendation from us. We may ask some questions to narrow down the selection of products that we will provide details on. You will then need to make your own choice about how to proceed.

4 What will you have to pay us for our services? [Note 4A] [Note 20A]

...

[Home Finance Products] [Note 13]

[1] [Mortgages] [Equity Release Products] [Islamic] [Home Purchase Plans] [Note 13]

- No fee. [We will be paid by commission from the [~~lender/company that buys your home~~ provider].] [Note 33]

- A fee of £[] payable at the outset and £[] payable when you apply for a [~~lifetime~~] [~~mortgage~~] [~~home reversion plan~~] [~~equity release product~~] [Islamic] [home purchase plan]. [We will also be paid commission from the [~~lender/company that buys your home~~ provider]]. [Note 33] [Note 34]

You will receive a ~~key facts illustration~~ keyfacts illustration when considering a particular [~~lifetime~~] [~~mortgage~~] [~~home reversion plan~~] [~~equity release product~~], which will tell you about any fees relating to it. [Note 13] [Note 13A]

Refund of fees [Note 32] [Note 13]

If we charge you a fee, and your [~~lifetime~~] [~~mortgage~~] [~~home reversion plan~~] [Islamic] [home reversion plan] does not go ahead, you will receive: [Note 35]

- A full refund [if the [~~lender/company~~ provider] rejects your application]. [Note 36]
- A refund of £ [] [if your application falls through]. [Note 36] [Note 37] [Note 38]

No refund [if you decide not to proceed]. [Note 36]

~~[2] [Islamic Home Purchase Plans] [Note 13]~~

No fee. [We will be paid by commission from the provider.] [Note 33]

A fee of £[] payable at the outset and £[] payable when you apply for an Islamic home purchase plan. [We will also be paid commission from the provider]. [Note 18]

Refund of fees [Note 35]

If we charge you a fee, and your Islamic home purchase plan does not go ahead, you will receive: [Note 32]

A full refund [if the provider] rejects your application]. [Note 36]

A refund of £ [] [if your application falls through]. [Note 36] [Note 37] [Note 38]

No refund [if you decide not to proceed]. [Note 36]

...

8 Are we covered by the Financial Services Compensation Scheme (FSCS)?
[Note 4A] [Note 39] [Note 55] [Note 56]

...

~~[Note 59] Message from the Financial Conduct Authority~~

~~Think carefully about this information before deciding whether you want to go ahead.~~

~~If you are at all unsure about which equity release product is right for you, you should ask your adviser to make a recommendation.~~

[

The following notes do not form part of the *combined initial disclosure document*.

...

Note 4 – a *firm* should describe the services that it expects to provide to the particular

client. For services in relation to:

...

- ~~*equity release transactions*—the *firm* should select a maximum of two boxes within this section. *Firms* should not omit the boxes not selected.~~
- *home finance transactions (other than regulated sale and rent back agreements)* – where the *firm* will be providing services to a *consumer* by way of a *distance contract*, it should include in Section 3 a statement that explains whether or not the *consumer* will receive *advice* as part of the services. It should insert the appropriate heading above the statement in accordance with Note 13(1).

Note 4A – If a *firm* is not offering all product types it should omit the headings and text relating to the product types it is not offering. For example, if it is completing the relevant sections of this template in relation to insurance and home finance products but not investment products, it should omit the heading “Investment” and the corresponding text.

Note 5 – A *firm* should include this sentence if, and only if, it offers *equity release transactions*.

...

Note 6A – If the *combined initial disclosure document* is used only in relation to *home finance transactions* (except where Section 3 is required to be used for *home finance transactions* as the *firm* is providing services by way of a *distance contract*: see Note 4), the *firm* should delete this heading and re-number the later sections accordingly.

Note 7 – insert “can” if the *firm*’s range of products is determined by any contractual obligation. This does not apply where a *product provider*; ~~or *insurer*; *lender*; *home purchase provider* or *home reversion provider*~~ is selling its own products.

Note 7A – This sentence must only be used where there are no limitations in the product range that a *firm* will be providing to the *customer*. Otherwise, the *firm* must insert alternative text that describes in simple, clear terms the limits on its product range for the relevant market. If the *firm* is not considering products from a comprehensive range across the market and has not listed here the name of every lender/provider it offers products from, the text used must offer a list of these lenders/providers. Where the *firm* offers *equity release products*, it must state if it offers *home reversion plans* but not *lifetime mortgages*, or vice versa. The *firm* must also state that it will not consider *direct deals*, where that is the case. Depending on the *firm*’s precise circumstances, the following examples may be appropriate:

- “We offer a comprehensive range of [mortgages] [equity release products] [Islamic] [home purchase plans] from across the market, but not deals that you can only obtain by going direct to a [lender/provider].”
- “We only offer products from [number] [lenders/providers]. We can provide you with a list of these.”

- “We only offer some, but not all, of the [mortgages] [equity release products] [Islamic] [home purchase plans] from [number] [lenders/providers]. We can provide you with a list of these.”
- “We only offer the [mortgages] [equity release products] [Islamic] [home purchase plans] from [name of lender(s)/provider(s)].”
- “We only offer some, but not all, of the [mortgages] [equity release products] [Islamic] [home purchase plans] from [name of lender(s)/provider(s)].”
- “We only offer lifetime mortgages from [name of lender(s)] and home reversion plans from [name of provider(s)].”
- “We only offer [lifetime mortgages/home reversion plans] but not [lifetime mortgages/home reversion plans]. We only offer [lifetime mortgages/home reversion plans] from [name of provider] and we only offer some, but not all, of their products.”
- “We only sell bridging finance products from [name of lender(s)]. We do not offer products from across the mortgage market.”

...

Note 11 – if the *firm* selects this box, it will be offering the products of one provider for a particular product type. It should therefore follow the format specified in (1) below except when offering its own products, in which case it should follow (2) instead. In the case of *non-investment insurance contracts*, where the *firm* is providing a service in relation to different types of insurance, this box covers the situation where it is offering a particular type of insurance from a single *insurance undertaking*.

- (1) Insert the name of the provider, namely the *product provider* for *packaged products*, and the *insurance undertaking(s)* for *non-investment insurance contracts*, ~~the *lender* for *regulated mortgage contracts* and *regulated lifetime mortgage contracts* and the *home reversion provider* for *home reversion plans*~~. For example: “We can only offer products from [name of *product provider*]”. For *non-investment insurance contracts* the type of insurance offered should also be included. For example: “We only offer ABC’s household insurance and ABC’s motor insurance.” If the provider has only one product, the *firm* should amend the text to the singular – for example: “We can only offer a mortgage policy from [name of ~~lender~~ *insurance undertaking*]”. ~~If the *firm* does not offer all of the *home finance transactions* generally available from that provider, it should insert the words “a limited range of” as shown in the specimen.~~
- (2) If the *firm* is a *product provider* offering only its own products, or is part of a *product provider* offering only the products sold under that part’s trading name, it should use this alternative text.
- (3) ~~If the *firm* offers *home reversion plans* from only one *reversion provider*, and *lifetime mortgages* from only one *lender*, which is different from the *reversion*~~

~~provider, then the firm should identify the lender and the reversion provider and specify the type of equity release transaction to which they relate. For example, “We can only offer lifetime mortgages from ABC Mortgages Ltd and home reversion plans from ABC Reversions Ltd.”~~

Note 12 — ~~if the firm does not give personal recommendations advice or give personalised information on both types of equity release transactions, then it should indicate to the client the sector that the firm does not cover. However, if the firm’s scope of service does not include equity release transactions, the last box (“We do not offer [lifetime mortgages] [home reversion plans]”), should be omitted.~~

Note 13 – in describing the services and products provided, firms should omit the text in brackets that do not apply and ensure that they describe accurately their activities with respect of the services and products that they offer, as follows:

(1) Headings and sub-headings:

- a. If the firm offers ~~both a combination of regulated mortgage contracts and, home purchase plans and equity release products,~~ it should include the heading “Home Finance Products” in the *combined initial disclosure document* and describe the *regulated mortgage contracts, and home purchase plans and equity release transactions (as applicable)* that it offers under ~~two~~ separate sub-headings. The sub-headings (“Mortgages”, ~~and~~ “Home Purchase Plans” ~~and~~ “Equity Release Products”) should be numbered accordingly. If the firm only offers one of these ~~two~~ three products, then the heading “Home Finance Products” should be omitted and the heading will read “Mortgages”, ~~or~~ “Home Purchase Plans” or “Equity Release Products”, as appropriate.
- b. If the firm offers *equity release transactions*, then the appropriate heading “Home Finance Products” should be omitted and the heading will read or sub-heading is “Equity Release Products” (even if the firm offers *equity release transactions from only one sector*) only lifetime mortgages or only home reversion plans.

(2) Describing the products:

- a. If a firm gives ~~personal recommendations or gives personalised information advice on, or arranges execution-only sales in,~~ lifetime mortgages, it should change “mortgage” to “lifetime mortgage”
- b. If a firm gives ~~personal recommendations or gives personalised information advice~~ on home reversion plans, it should use the text in brackets relating to home reversion plans.
- c. If the firm gives *personal recommendations* or gives personalised information on products from both equity release market sectors, then it should use the term ‘equity release products’ when referring to them collectively.

(3) Describing the provider: If a firm gives ~~personal recommendations or gives~~

~~personalised information~~ *advice on, or arranges execution-only sales in, home purchase plans or home reversion plans*, it should change “mortgage” to “product” and “lender” to “company” or “provider”, as appropriate.

(4) Home purchase plans: A firm that carries on home purchase activities may add the word “Islamic” to “home purchase plan(s)” if it holds out one or more home purchase plans within its product range as compliant with Islamic law. If “Islamic” is included, it should be included consistently throughout the document. However, a firm may omit the word “Islamic” in sections 5 and 8 even if it uses it elsewhere throughout the document. A firm that wishes to hold itself, its products or services out as compliant with religious or philosophical belief other than Islamic law may include an appropriate description in place of the references to “Islamic” and “Islamic law”.

(5) A firm offering services in relation to loans for business purposes must use a description of its services which make that clear.

Note 13A – A firm must not include this paragraph if the only services to which the combined initial disclosure document relates are activities relating to home purchase plans. A firm may include a similar explanation regarding the financial information statement if the services they offer include activities relating to home purchase plans.

Note 14 – ~~for services provided in relation to home finance transactions, this sentence is required only where a firm selects this service option. It may also be omitted if a firm chooses to list all of the lenders, home purchase providers and home reversion providers it offers home finance transactions from in the previous line, so long as the firm offers all of the products generally available from each.~~

...

Note 16 – if the firm does not select this box, it should alter the wording to say “a single group of companies” for *packaged products*; and “a single insurer” for *non-investment insurance contracts*; “a single lender” for *regulated mortgage contracts or lifetime mortgages* and “a single company” (or “a single provider”) for *home purchase plans and home reversion plans*. For example: “We only offer the products from a single group of companies” should replace the text in the specimen *combined initial disclosure document*.

...

Note 18 – ~~This subsection is optional unless~~ may (at the firm’s option) be used if, and only if, the firm holds itself, its regulated mortgage contract or home purchase plan products or services out as compliant with Islamic law in the combined initial disclosure document. If a firm includes this section it should describe it as Section 2 and renumber subsequent sections accordingly.

A firm that wishes to hold itself, its ~~regulated mortgage contract or home purchase plan~~ products or services out as compliant with religious or philosophical beliefs other than Islamic law ~~in the combined initial disclosure document~~ may also use the subsection in accordance with this note and modify the wording in the section to the extent appropriate.

Note 19 — ~~A firm that carries on home purchase activities may omit the word “Islamic” from “Islamic home purchase plan(s)” if one or more home purchase plans within its scope of service is not held out as compliant with Islamic law. If “Islamic” is omitted, it should be omitted consistently throughout the document. However, a firm may omit the word “Islamic” in sections 5 and 8 without having to omit it throughout the document. A firm that wishes to hold itself, its products or services out as compliant with religious or philosophical belief other than Islamic law in the combined disclosure document may make appropriate amendments to references to “Islamic” and “Islamic law”.~~

...

Note 34 – insert a plain language description of when any fees are payable for services relating to *home finance transactions*, and the amount. ~~This description could include, for example, a cash amount, a percentage of the loan or reversion amount or the amount per hour, as appropriate. However, where a cash amount is not disclosed, one or more examples of the cash amount should be included.~~ If a firm offers more than one pricing option in relation to *equity release transactions*, it should specify the pricing policy for each of them. For example, “A fee of £[XX] payable at the outset and £[YY] when you apply for a lifetime mortgage and £[ZZ] when you apply for a home reversion plan”. If a firm does not charge a fee, the text for the second box should be abbreviated to ‘A fee’. The fee must be described, where possible, as a cash sum, but where this is not possible:

- If the fee is a percentage of another sum which is not yet known (such as the amount to be borrowed), give the percentage and a representative illustrative example which gives an amount as a cash sum.
- If the fee will be one of a range of possible cash fees, provide a description of the fee in terms which include the maximum and minimum possible fees as cash sums, and what factors will determine where in the range the fee will be.
- If the fee will be one of a range of fees that are a percentage of another sum which is not yet known (such as the amount to be borrowed), give the minimum and maximum percentages and a representative illustrative example which gives an amount as a cash sum, and set out what factors will determine where in the range the fee will be.
- If the fee will be based on an hourly rate, but the number of hours to be spent on the customer’s transaction is unknown, state the hourly rate in cash terms and set out what factors will determine how many hours it takes to provide the firm’s services.

...

Note 39 – the firm may omit this section for services relating to *packaged products* if the firm has, on first contact with the *client*, provided the *client* with its *client agreement* which contains that information. This section may be omitted for services relating to *non-investment insurance contracts* if the information covered by this section is not required by *ICOBS* or is required by *ICOBS* but is provided to the *customer* by some other means. ~~This section may be omitted for services relating to home finance transactions in~~

~~accordance with MCOB 4.4.1R(3).~~ If this section is omitted, the other sections of the *combined initial disclosure document* should be renumbered accordingly.

...

~~**Note 59**— this warning box should be added when the *firm* sells *lifetime mortgages* or *home reversion plans* or both.~~

...

Annex H

Amendments to the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)

In this Annex, underlining indicates new text.

Comes into force on 26 April 2014

6.7 Business loans and loans to high net worth mortgage customers: tailored provisions

- 6.7.1 R (1) ...
- (2) If a *firm* provides a *customer* with a *business offer document* or *high net worth offer document* in accordance with (1), it must ensure that:
- (a) ...
- (b) subject to the tailoring required by *MCOB 5.7* (Business loans and loans to high net worth mortgage customers: tailored provisions), the *business offer document* or high net worth offer document complies with *MCOB 6.4* (Mortgages: content of the offer document).

...

Further advances

- 7.6.7 R Before a *customer* submits an application to a *firm* for a further advance on an existing *regulated mortgage contract* or for a further advance that is a new *regulated mortgage contract*, if the further advance requires the approval of the *mortgage lender*, the *firm* must provide the *customer* with an *illustration* that complies with the requirements of *MCOB 5* (Pre-application disclosure) and *MCOB 7.6.9R* to *MCOB 7.6.17R* for the further advance, unless an *illustration* has already been provided or the *regulated mortgage contract* is for a business purpose or to a high net worth mortgage customer and the *firm* has chosen to comply with the tailored provisions for *regulated mortgage contracts* for a business purpose or loans to *high net worth mortgage customers* (see *MCOB 7.7* (Business loans and loans to high net worth mortgage customers: tailored provisions)).

Annex I

Amendments to the Client Assets sourcebook (CASS)

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

11.2 Firm classification

...

11.2.2 R ... A CASS *small debt management firm* must use the records used in carrying out checks required of it under CASS ~~11.11.7R~~ 11.11.8R.

...

11.8 Client bank account acknowledgement letters

...

11.8.9 R A CASS *debt management firm* must also retain any other documentation or evidence it believes is necessary to demonstrate that it has complied with each of the applicable requirements in this section (such as any evidence it has obtained to ensure that the individual that has countersigned ~~an~~ a client bank account acknowledgment letter that has been returned to the *firm* was authorised to countersign the letter on behalf of the relevant *approved bank*).

...

11.9 Segregation and the operation of client money accounts

...

11.9.6 R If a CASS *debt management firm* receives a *mixed remittance* it must:

- (1) ...
- (2) no later than one *business day* after the payment of the *mixed remittance* ~~remittance~~ remittance into the *client bank account* ~~account~~ account has cleared, pay the money that is not *client money* out of the *client bank account*.

...

11.11 Records, accounts and reconciliations

...

11.11.6 G ... CASS ~~11.11.7R~~ 11.11.8R to CASS 11.11.23R provide *rules* that the different types of CASS *debt management firm* are obliged to follow to

meet this obligation.

...

11.13 Client money distribution in the event of a failure of a firm or approved bank

...

11.13.4 R If a *primary pooling event* ~~event~~ event occurs:

...

...

11.3.5 R Where a *primary pooling event* ~~event~~ event occurs and the *client money* is not transferred to another *firm* in accordance with CASS 11.13.4R, a *CASS debt management firm* must distribute client money comprising the notional pool so that each client receives a sum that is rateable to their entitlement to the notional pool calculated in CASS 11.13.4R(2).

...

Sch 2 Notification requirements

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...				
CASS 11.11.32R <u>CASS 11.11.31R</u>	A <i>CASS large debt management firm's</i> inability or failure to comply with CASS 11.11.23R, CASS 11.11.28R, CASS 11.11.13R or CASS 11.11.25R	The inability or failure to comply	Awareness of the inability or failure	Without delay

Annex J

Amendments to the Supervision manual (SUP)

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

Part 1: Comes into force on 1 April 2014

In the following provisions of SUP the term “ONA” is replaced with “*ONA*” on each occasion that it appears:

6.3.15D(1)
 6.3.15D(4)
 6.3.15AG(1)
 6.4.5D(1)
 6.4.5D(5)
 6.4.5AG(1)
 10A.12.2G
 10A.16.1D(2)
 12.7.1AR(1)
 12.7.8AR(1)
 12.8.1AR(1)
 13.5.3R(1)
 13.8.1AG(1)
 15.4.3R
 16.10.4AR(1)

Amend the following as shown.

2 Information gathering by the ~~appropriate regulator~~ FCA or PRA on its own initiative

...

6 Annex 5D Variation of Permission (VOP) Application Consumer Credit Activities (form and notes)

...

**Variation of Permission (VOP) Application
 Consumer Credit Activities**

...

Effective Supervision

5.3 As a result of this application, will there be any impact on the appropriate regulator’s ability to effectively supervise the firm?

Yes ▶ ~~Continue to Question 5.4~~ Give details below.

No ▶ ~~Give details below~~ Continue to Question 5.4.

...

[Editor’s Note: The changes to SUP 16.11.1R restate and replace, with effect from 1 April 2014, the changes made to this provision collectively by the Alternative Investment Fund Managers Directive (Consequential Amendments) Instrument 2014 (FCA 2014/12) (which came into force on 28 February 2014) and by the Consumer Credit (Consequential and Supplementary Amendments) Instrument 2014 (FCA 2014) (which was due to come into force on 1 April 2014).]

16.11 Product Sales Data Reporting

Application

16.11.1 R This section applies to a ~~firm~~ firm which is a home finance provider; or a firm with permission to enter into a regulated credit agreement as lender in respect of high-cost short-term credit or home credit loan agreements, or which is, in respect of sales to a retail client or a consumer:

...

...

...

16.12 Integrated Regulatory Reporting

...

16.12.11 R The applicable *data items* referred to in SUP 16.12.4R are set out according to *firm* type in the table below:

Description of <i>data item</i>	<i>Firms</i> prudential category and applicable <i>data items</i> (note 1)						
	<i>IFPRU investment firms and BIPRU firms</i>		<i>Firms other than BIPRU firms or IFPRU investment firms</i>				
	<i>IFPRU</i>	<i>BIPRU</i>	<i>IPRU (INV) Chapter 3</i>	<i>IPRU (INV) Chapter 5</i>	<i>IPRU (INV) Chapter 9</i>	<i>IPRU (INV) Chapter 13</i>	<i>UPRU</i>
...							
Income statement	FSA001 FSA002/ FINREP (note 36)
...							
...							
Note 13	This does not apply to a <i>firm</i> subject to <i>IPRU(INV) Chapter 13</i> which is not an <i>exempt CAD firm</i> . For firms subject to <i>IPRU(INV) Chapter 13</i> , this only applies to firms which are <i>exempt-CAD firms</i> .						

...	
-----	--

...

- 16.12.12 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.4R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Data item	<i>IFPRU 730K firm</i>	<i>IFPRU 125K firm and collective portfolio management firm</i>	<i>IFPRU 50K firm</i>	<i>BIPRU firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms or IFPRU investment firms</i>
COREP/ FINREP	Refer to <i>EU CRR</i> and applicable technical standards				Refer to <i>EU CRR</i> and applicable technical standards	
...						
FSA008					Quarterly	
...						

- 16.12.13 R The applicable due dates for submission referred to in SUP 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in SUP 16.12.12R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
COREP/ FINREP	Refer to <i>EU CRR</i> and applicable technical standards					
...						
FSA008				<i>20 business days (note 1); 45 business days (note 2)</i>		
...						

...

Regulated Activity Group 4

...

16.12.15 R The applicable *data items* referred to in SUP 16.12.4R according to type of *firm* are set out in the table below:

Description of <i>data item</i>	<i>Firms' prudential category and applicable data items (note 1)</i>							
	<i>IFPRU investment firms and BIPRU firms</i>		<i>Firms other than BIPRU firms or IFPRU investment firms</i>					
	<i>IFPRU</i>	<i>BIPRU</i>	<i>IPRU (INV) Chapter 3</i>	<i>IPRU (INV) Chapter 5</i>	<i>IPRU (INV) Chapter 9</i>	<i>IPRU (INV) Chapter 11 (collective portfolio management firms only)</i>	<i>IPRU (INV) Chapter 13</i>	<i>UPRU</i>
...								
Market risk	FSA005 (Notes 2, 4) COREP (Note 34)	FSA005 (Notes 2, 4)						
...								
...								

...

16.12.16 R The applicable reporting frequencies for *data items* referred to in SUP 16.12.15R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	<i>Firms' prudential category</i>					
	<i>IFPRU 730K firm</i>	<i>IFPRU 125K firm and collective portfolio management investment firm</i>	<i>IFPRU 50K firm</i>	<i>BIPRU firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms or IFPRU investment firms</i>
COREP/ FINREP	Refer to EU CRR and applicable technical standards				Refer to EU CRR and applicable technical standards	
...						
FSA008					Quarterly	

...						
...						

...

16.12.17 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.16R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
COREP/ FINREP	Refer to <i>EU CRR</i> and applicable technical standards					
...						
FSA008				<i>20 business days (note 2); 45 business days (note 3)</i>		
...						
...						

...

16.12.23A R The applicable reporting frequencies for *data items* referred to in *SUP* 16.12.22AR are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>Data item</i>	Frequency				
	Unconsolidated <i>BIPRU investment firm</i> and <i>IFPRU investment firm</i>	Solo consolidated <i>BIPRU investment firm</i> and <i>IFPRU investment firm</i>	<i>UK Consolidation Group</i> or <i>defined liquidity group</i>	Annual regulated business revenue up to and including £5 million	Annual regulated business revenue over £5 million
COREP/ FINREP	Refer to <i>EU CRR</i> and applicable technical standards				
...					
FSA008	Quarterly	Quarterly	Quarterly		

	(Note 11)	(Note 11)			
...					
...					

...

16.12.24 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.23R, unless indicated otherwise.

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
FSA008						
...						
...						

...

16.12.25A R The applicable *data items* referred to in *SUP* 16.12.4R are set out according to type of *firm* in the table below:

Description of <i>data item</i>	<i>Firms' prudential category and applicable data item (note 1)</i>						
	<i>IFPRU investment firms and BIPRU firms</i>		<i>Firms other than BIPRU firms or IFPRU investment firms</i>				
	<i>IFPRU</i>	<i>BIPRU</i>	<i>IPRU (INV) Chapter 3</i>	<i>IPRU (INV) Chapter 5</i>	<i>IPRU (INV) Chapter 9</i>	<i>IPRU (INV) Chapter 13</i>	<i>UPRU</i>
<i>Annual report and accounts</i>	No standard format						
...							
...							

...

16.12.26 R The applicable reporting frequencies for *data items* referred to in *SUP* 16.12.25AR are set out according to the type of *firm* in the table below. Reporting frequencies are calculated from a *firm's accounting reference*

date, unless indicated otherwise.

<i>Data item</i>	<i>Firms' prudential category</i>					
	<i>IFPRU 730K firm</i>	<i>IFPRU 125K firm</i>	<i>IFPRU 50K firm</i>	<i>BIPRU firm</i>	<i>UK consolidation group or defined liquidity group</i>	<i>Firm other than BIPRU firms or IFPRU investment firms</i>
COREP/ FINREP	Refer to <i>EU CRR</i> and applicable technical standards				Refer to <i>EU CRR</i> and applicable technical standards	
...						
FSA008					Quarterly	
...						
...						

...

16.12.27 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.26R, unless indicated otherwise .

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
COREP/ FINREP	Refer to <i>EU CRR</i> and applicable technical standards					
...						
FSA008				20 <i>business days</i> (note 1); 45 <i>business days</i> (note 2)		
...						
...						

...

Regulated Activity Group 12

...

16.12.29 R ...
C

...				
Note 1	When submitting the required <i>data item</i> , a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 35AR <u>38AR</u> . Guidance notes for the completion of the data items is set out in SUP 16 Annex 35BG <u>38BG</u> .			
...				

...

16.12.33 R Financial reports from a member of a financial conglomerate (see SUP 16.12.32R)

...	
...	
Note 2	<u>If In respect of FCA-<i>authorised persons</i>, if Part 1 of GENPRU 3 Annex 1R (method 1), or Part 2 of GENPRU 3 Annex 1R (method 2), or Part 3 of GENPRU 3 Annex 1R (method 3) applies, there is no specific form. ...</u>
...	

...

16 Annex 24R Data items for SUP 16.12

...

FIN066 – Capital adequacy (for collective portfolio management firms) (This data item applies only to FCA-*authorised persons*)

...

FIN067 – Capital adequacy – supplemental (for collective portfolio management investment firms subject to IFPRU) (This data item applies only to FCA-*authorised persons*)

...

FIN068 – Capital adequacy – supplemental (for collective portfolio management firms subject to BIPRU) *(This data item applies only to FCA-authorised persons)*

...

Renumber SUP 16 Annex 35AR as SUP 16 Annex 38AR and add a title as follows.

~~16 Annex 35AR~~ **Data Items relating to Consumer Credit activities**
16 Annex 38AR

Renumber SUP 16 Annex 35BG as SUP 16 Annex 38BG as follows and amend the text of this annex as shown.

~~16 Annex 35BG~~ **Notes for completion of Data Items relating to Consumer Credit**
16 Annex 38BG **activities**

...

NOTES FOR COMPLETION OF THE DATA ITEMS RELATING TO CONSUMER CREDIT ACTIVITIES

...

CCR003 – Consumer Credit data: Lenders

...

Column B: Total # Loans

In this column, the firm should enter the total number of loans in its loan book at the end of the reporting period. In the case of pawnbroking, ~~each item that has been used as security should be counted as a separate loan~~ a single credit agreement under which the firm has taken two or more articles in pawn should be counted as one loan.

Column C: Total # Loans in Arrears

In this column, a firm should enter the number of loans that had overdue repayments at the end of the reporting period. In the case of pawnbroking, the figure should include the number of credit agreements where any article taken in pawn under the agreement has become realisable by the firm during the reporting period, or the property in any such article has passed to the firm during the reporting period.

...

Part 2: Comes into force on 1 January 2015

16
Annex
21R

REPORTING FIELDS

...

2 SPECIFIC REPORTING FIELDS

...

(c) Mortgages

...

Data reporting field	Code (where applicable)	Notes
Sales Data (report for all <i>regulated mortgage contracts</i>)		
Date mortgage account opened	DD/MM/YYYY	Date of mortgage completion or draw-down of the funds.
How the sale was made	F = direct face-to-face T = direct telephone I <u>E</u> = direct internet P = direct post O = direct other I = intermediary	Report how the sale was made. ‘Direct’ refers to sales made by the product provider. ‘Direct internet’ includes direct sales made via email or other electronic means of communication. ‘Intermediary’ refers to sales made by an intermediary. Where a sale has been made through more than one method, e.g., telephone and then post, report the channel where the product choice was made.
...		

Annex K

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

TP 1.1 Transitional Provisions table

(1)	(2) Material provision to which transitional provision applies	(3)	(4) Transitional provision		(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...						
35	<u>DISP 2.3.1R</u> , <u>DISP 2.3.2AR</u> and <u>DISP 2.3.2BR</u>	R	(1)	Except where indicated otherwise, <u>expressions used in this rule have the same meaning as they had in the Consumer Credit Act 1974 on 31 March 2014, before the amendments made to that Act by the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2013, the Financial Services Act 2012 (Consumer Credit) Order 2013, the Financial Services and Markets Act 2000 (Consumer Credit) (Miscellaneous Provisions) Order 2014, the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2014, the Consumer Credit Act 1974 (Green Deal) (Amendment) Order 2014, and the Financial Services and Markets Act 2000 (Consumer Credit) (Miscellaneous Provisions) (No. 2) Order 2014 came into force.</u>	Indefinitely from 1 April 2014	1 April 2014
(2)	In <u>DISP 2.3.1R</u> , <u>DISP 2.3.2AR</u> and <u>DISP 2.3.2BR</u> , references to an act or omission by a firm, payment service provider or electronic money issuer in carrying on regulated activities or credit-related regulated activities include an act or omission which took place before 1 April 2014 in carrying on any one of the following activities:					
(a)	providing credit or otherwise being a creditor under a regulated consumer credit agreement;					
(b)	the bailment or (in Scotland) the hiring of goods or					

					otherwise being an owner under a regulated consumer hire agreement;
				(c)	credit brokerage in so far as it was the effecting of introductions of:
				(i)	individuals desiring to obtain credit to persons carrying on a consumer credit business; or
				(ii)	individuals desiring to obtain goods on hire to persons carrying on a consumer hire business;
				(d)	in so far as they related to regulated consumer credit agreements or regulated consumer hire agreements:
				(i)	debt-adjusting;
				(ii)	debt-counselling;
				(iii)	debt-collecting; or
				(iv)	debt administration;
				(e)	the provision of credit information services; or
				(f)	the operation of a credit reference agency;
					where at the time of the act or omission complained of:
				(g)	the firm, payment service provider or electronic money issuer was:
				(i)	covered by a standard licence under the Consumer Credit Act 1974; or
				(ii)	authorised to carry on an activity by virtue of section 34A of that Act; or
				(iii)	in accordance with regulation 26(2) of the Payment Services

					<u>Regulations or regulation 31 of the Electronic Money Regulations was not required to hold a licence for consumer credit business under section 21 of the Consumer Credit Act 1974; and</u>		
				(h)	<u>the activity was carried on in the course of a business of a type which was specified in accordance with section 226A(2)(e) of the Act (now repealed).</u>		
<u>36</u>	<u>DISP 2.3.1R</u>	<u>R</u>	<u>In DISP 2.3.1R(4), in relation to an act or omission by a firm in lending money that took place before 1 April 2014, the reference to “(excluding restricted credit where that is not a credit-related regulated activity)” is to be read as a reference to “(excluding restricted credit where that is not an activity described in TP 35(2))”.</u>			<u>Indefinitely from 1 April 2014</u>	<u>1 April 2014</u>
<u>37</u>	<u>DISP 2.3.1R</u>	<u>R</u>	<u>In DISP 2.3.1R(5), in relation to an act or omission by a firm in paying money by a plastic card that took place before 1 April 2014, the reference to “(excluding a store card where that is not a credit-related regulated activity)” is to be read as a reference to “(excluding a store card where that is not an activity described in TP 35(2))”.</u>			<u>Indefinitely from 1 April 2014</u>	<u>1 April 2014</u>

Annex L

Amendments to the Consumer Credit sourcebook (CONC)

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

3.6 Financial promotions about credit agreements secured on land

...

- 3.6.9 R (1) In the case of a *financial promotion* about *running-account credit*, the following assumptions have effect for the purpose of calculating the *total charge for credit* and any *APR*, notwithstanding the terms of the transaction advertised and in place of any assumptions in *CONC App 1.1.11R to 1.1.18R* that might otherwise apply:

...

- (e) where the agreement provides *credit* to finance the purchase of *goods, services, land* or other things and also provides one or more of:

- (i) ~~*cash loans*~~ cash loans;

...

...

...

...

3.9 Financial promotions and communications: debt counsellors and debt adjusters

...

- 3.9.2 G (1) The clear, fair and not misleading *rule* in *CONC 3.3.1R* applies to a communication with a *customer* or the *communication* or *approval* ~~for~~ for communication of a *financial promotion* in relation to *debt counselling* or *debt adjusting* and in relation to a communication with a *customer* in relation to *providing credit information services*.

...

...

- 3.9.3 R A *firm* must ensure that a *financial promotion* or a communication with a *customer* (to the extent a previous communication to the same *customer*

has not included the following information) includes:

...

- (5) a statement that a *customer* may be eligible under the *Financial Ombudsman Scheme Service* and referring by a link or otherwise to the information the *firm* is required to publish under *DISP* 1.2.1R(1);

[Note: paragraph 2.5b of *DMG*]

...

...

6.2 Assessment of creditworthiness: during agreement

6.2.1 R ...

- (5) This *rule* does not apply, except to the agreements in (6), to:

...

- (c) a *small borrower-lender-supplier agreement* for ~~restricted-use credit~~ restricted-use credit.

...

...

Refunds of brokers' fees

6.8.3 G ...

- (3) Section 155 does not apply where the introduction is for a *regulated mortgage contract* or a *home purchase plan* and the *person* charging the fee is an *authorised person* or an *appointed representative*. Arranging and advising in relation to *regulated mortgages contracts* and ~~regulated~~ *home purchase plans* are *regulated activities* under the *Regulated Activities Order* and carrying on those activities would require *permissions* covering those activities.

[Note: paragraph 6.4 of *CBG*]

...

...

7.6 Exercise of continuous payment authority

...

- 7.6.2 G A *firm* should not:
- (1) request a *payment service provider* to make a payment from the *customer's ~~payment account~~ payment account* unless:

...

...
 - (3) other than where *CONC 7.6.14R(2)* applies, request a *payment service provider* to make a payment from the *customer's ~~payment account~~ payment account* of an amount that is less than the amount due at the time of the request, unless the *firm*:

...
 - (4) request a *payment service provider* to make a payment from the *customer's ~~payment account~~ payment account* before the due date of payment as specified in the *credit agreement* or *P2P agreement*, unless *the firm* has complied with *CONC 7.6.1R(2)*;
 - (5) request a *payment service provider* to make a payment from the *customer's ~~payment account~~ payment account* after the due date on a date, or within a period, or with a frequency other than as specified in the *credit agreement* or *P2P agreement* and referred to in the adequate explanation, unless ~~the~~ *the firm* has complied with *CONC 7.6.1R(2)*;
 - (6) request a *payment service provider* to make a payment from the *~~payment account~~ payment account* of a third party other than as specifically agreed with the third party or agreed with the *customer* following the third party's confirmation to the *firm* that the third party consents to the arrangement.

...
- ...

- 7.6.5 G A *firm* is likely to contravene *CONC 7.6.3R* if it:
- (1) requests a *payment service provider* to make a payment from the *customer's ~~payment account~~ payment account* before income or other funds may reasonably be expected to reach the account; for example, this is likely to be relevant where a *firm* is aware of the *customer's* salary payment date; or
 - (2) requests a *payment service provider* to make a payment from the *customer's ~~payment account~~ payment account* where it has reason to believe that there are insufficient funds in the account or that taking the payment would leave insufficient funds for priority debts or other essential living expenses (such as in relation to a mortgage, rent, council tax, food bills or utility bills); or

- (3) requests a *payment service provider* to make a part payment (a sum due which is less than the full sum due at the time the *firm's* payment request is made) of the sum due from the *customer's* ~~payment account~~ payment account before it has made reasonable attempts to collect the full payment of the sum due on the due date; or

...

- 7.6.6 G Where permissible, a *firm* should only make a reasonable number of payment requests to a *payment service provider* to collect a part payment (a sum due which is less than the full sum due at the time the *firm's* payment request is made) from the *customer's* ~~payment account~~ payment account, having regard to the possibility that the *customer* may be in financial difficulties.

[**Note:** paragraph 3.9mii (box) of *DCG*]

...

Continuous payment authorities and high-cost short-term credit

- 7.6.12 R ...

- (3) Where a *firm* exercises forbearance:

- (a) ...

- (a) any refusal of a payment request that took place before the time at which the forbearance was granted is to be
- (b) disregarded for the purposes of (1).

...

...

7.9 Contact with customers

...

- 7.9.3 R ...

- (2) The clear fair and not misleading *rule* in *CONC* 3.3.1R also applies to a *firm* in relation to a communication with a *customer* in relation to ~~credit agreement~~ agreement or a *consumer hire agreement*.

...

7.11 Disclosures relating to “authority” or “status”

...

7.11.6 R A *firm* ~~must~~ must not suggest or state that action can or will be taken when legally it cannot be taken.

[**Note:** paragraph 3.5b of *DCG*]

...

7.11.8 R A *firm* ~~must~~ must not suggest or state that it will commence proceedings for a warrant of execution or an attachment of earnings order when a court judgment has not been obtained, or that it will take any other enforcement action before it is possible to know whether such action will be permissible.

[**Note:** paragraph 3.5c of *DCG*]

7.11.9 R A *firm* ~~must~~ must not suggest or state that an action has been taken when no such action has been taken.

[**Note:** paragraph 3.5d (box) of *DCG*]

...

7.16 Passing data to lead generators etc.

...

7.16.2 G ~~A *firm* which is lawfully entitled to pass on a *customer's* details to a third party pursuant to the Data Protection Act 1998 should nonetheless, as a matter of good practice, obtain the *customer's* consent before passing on the information to the third party.~~

[**Note:** paragraph 3.9e of *DCG*]

...

8.7 Charging for debt counselling, debt advice and related services

...

8.7.6 R A *firm* must not:

...

(4) request any payment from a *customer's* ~~payment account~~ payment account, unless the *customer* has specifically authorised the *firm* to do so and has not cancelled that authorisation;

[**Note:** paragraph 3.34d (box) of *DMG*]

...

...

15.1.2 G *Firms* which carry on *consumer credit lending* or *credit broking* should

comply with all *rules* which apply to that *regulated activity* in *CONC* and other parts of the *Handbooks*. For example, *CONC 7* applies to matters concerning arrears, default and recovery (including repossession) and applies generally to agreements to which this chapter applies. This chapter sets out specific requirements and *guidance* that apply in relation to agreements secured on *land*. *Regulated mortgage contracts* and *regulated home purchase plans* are not *regulated credit agreements* and are excluded, to the extent specified in article 36E of the *Regulated Activities Order*, from *credit broking*.

TP3 Transitional provisions in relation to high cost short term credit

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
3.1	<i>CONC 3.4</i> (risk warnings)	R	<i>CONC 3.4</i> (apart from in relation to an <i>electronic communication</i> <u>other than a communication broadcast in any manner on television or radio</u>) does not apply until 1 July 2014.	From 1 April 2014 until the end of 30 June 2014	1 April 2014
...					

Annex M

Amendments to the Recognised Investment Exchanges sourcebook (REC)

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

2.5A **Guidance on Public Interest Disclosure Act: Whistleblowing**

...

2.5A.5 G In accordance with section 1 of PIDA:

- (1) a “protected disclosure” is a qualifying disclosure which meets the relevant requirements set out in ~~that section~~ part 4A of the Employment Rights Act 1996;
- (2) a “qualifying disclosure” is a disclosure, made in ~~good faith~~ the public interest, of information which, in the reasonable belief of the worker making the disclosure, tends to show that one or more of the following (a “failure”) has been, is being, or is likely to be, committed:

...

...

Annex N

Amendments to the Perimeter Guidance manual (PERG)

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

- 2.7.19B G A *credit agreement* is not a *regulated credit agreement* for the purposes of *PERG 2.7.19AG* if it is an ~~*exempt agreement*~~ exempt agreement. *PERG 2.7.19CG* to *PERG 2.7.19JG* describe the categories of ~~*exempt agreement*~~ exempt agreement.

Exemptions relating to the nature of the agreement

- 2.7.19C G A *credit agreement* is an ~~*exempt agreement*~~ exempt agreement in the following cases:

...

...

- 2.7.19E G A *credit agreement* is an ~~*exempt agreement*~~ exempt agreement if, at the time it is entered into:

...

Exemptions relating to the nature of the lender

- 2.7.19F G A *credit agreement* is an ~~*exempt agreement*~~ exempt agreement in the following cases:

...

...

- 2.7.19I G A *credit agreement* is also an ~~*exempt agreement*~~ exempt agreement in the following cases:

...

High net worth exemption

- 2.7.19J G A *credit agreement* is an ~~*exempt agreement*~~ exempt agreement if:

...

...

- 2.7.19L G A *consumer hire agreement* is not a *regulated consumer hire agreement* for the purposes of *PERG 2.7.19KG* if it is an ~~*exempt agreement*~~ exempt agreement. *PERG 2.7.19MG* to *PERG 2.7.19PG* describe the categories of ~~*exempt agreement*~~ exempt agreement.

Exemptions relating to nature of agreement

2.7.19M G A *consumer hire agreement* is an ~~exempt agreement~~ exempt agreement if the *hirer* is required by the agreement to make payments exceeding £25,000, and the agreement is entered into by the *hirer* wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the *hirer*.

...

2.7.19O G A *consumer hire agreement* is an ~~exempt agreement~~ exempt agreement if the *owner* is a body corporate which supplies gas, electricity or water under an enactment and the subject of the agreement is a meter or metering equipment which is used in connection with that purpose.

...

Providing credit information services

- 2.7.20K G
- (1) ...
 - (2) This activity...
 - ~~(2)~~ Giving advice to an *individual* in relation to the taking of any of the steps in ~~PERG 2.7.20KG(1) (2)~~(a) to (d) is also a *regulated activity*.
 - ~~(3)~~ A *credit information agency* that takes any of the steps in ~~PERG 2.7.20KG(1) (2)~~(a) to (d) in relation to information held by that agency does not *provide credit information services*.
 - ~~(4)~~ In so far as taking any of the steps in ~~PERG 2.7.20KG(1) (2)~~(a) to (d) is the activity of *operating an electronic system in relation to lending*, then it is not also *providing credit information services*.

...

13.3 Investment Services and Activities

...

Q16. What is dealing on own account? (A3 and article 4.1(6))

...

In our view, where you are a firm which meets all the conditions of article 29(2) of *CRD* (see Q61) or article 5.2 of the recast *CAD*, as applicable under the *CRD* and the *EU CRR* to certain firms (see Q58A), you will not be dealing on own account.

...

...

13.6 CRD IV

...

Q58A How do we know whether we are a BIPRU firm and what does that mean in practice?

... In summary, a *BIPRU firm*:

- ...
- does not hold clients' money and/or securities and is not authorised to do so (it should have a *limitation* or *requirement* prohibiting the holding of client money and its permission should not include *safeguarding and administering investments*).

You may also be a *BIPRU firm* if you meet the conditions of article 5.2 recast CAD. Broadly speaking, this applies to firms which execute investors' orders and hold financial instruments for their own account provided that:

- such positions arise only as a result of the firm's failure to match investors' orders precisely;
- the total market value of all such positions is subject to a ceiling of 15% of the firm's initial capital;
- the firm meets the requirements laid down in articles 18 and 20 recast CAD (including own funds requirements in respect of position risk and settlement and counterparty credit risk); and
- such positions are incidental and provisional in nature and strictly limited to the time required to carry out the transaction in question.

...

...

17 Consumer credit debt counselling

...

17.7 Examples

Q7.1 Please give me some examples of what is and is not debt counselling

Please see the following table. All the examples assume that the advice or information relates to debts under a *consumer credit agreement* or a *consumer hire agreement* or to a group of debts that include such debts.

...