

## **FUNERAL PLANS INSTRUMENT 2021**

### **Powers exercised by the Financial Ombudsman Service Limited**

- A. The Financial Ombudsman Service Limited makes and amends the scheme rules and guidance relating to the complaints handling procedures of the Financial Ombudsman Service; makes and amends the rules and guidance for the Voluntary Jurisdiction; and fixes and varies the standard terms for Voluntary Jurisdiction participants, as set out in Annex K to this instrument, in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 227 (Voluntary jurisdiction);
  - (2) paragraph 8 (Information, advice and guidance) of Schedule 17;
  - (3) paragraph 14 (Scheme operator’s rules) of Schedule 17;
  - (4) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
  - (5) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.
- B. The Financial Ombudsman Service Limited notes that, for the avoidance of doubt, the Transitional Provisions at TP 1.1 in Annex K to this instrument apply equally to the Voluntary Jurisdiction of the Financial Ombudsman Service and the Compulsory Jurisdiction.
- C. The making and amendment of the rules and guidance and the fixing and varying of the standard terms by the Financial Ombudsman Service Limited, as set out at paragraph A above, is subject to the consent and approval of the Financial Conduct Authority.

### **Powers exercised by the Financial Conduct Authority**

- D. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (Approval for particular arrangements);
  - (2) section 60 (Applications for approval);
  - (3) section 60A (Vetting candidates by authorised persons);
  - (4) section 61 (Determination of applications);
  - (5) section 62 A (Changes to responsibilities of senior managers);
  - (6) section 63ZA (Variations of senior manager’s approval at request of authorised person);
  - (7) section 63ZD (Statement of policy relating to conditional approval and variation);
  - (8) section 63C (Statement of policy);
  - (9) section 63E (Certification of employees by authorised persons);
  - (10) section 63F (Issuing of certificates);
  - (11) section 64A (Rules of conduct);
  - (12) section 64C (Requirements for authorised persons to notify regulator of disciplinary action);

- (13) section 69 (Statement of policy);
- (14) section 137A (The FCA’s general rules);
- (15) section 137D (FCA general rules: product intervention);
- (16) section 137H (General rules about remuneration);
- (17) section 137R (Financial promotion rules);
- (18) section 137T (General supplementary powers);
- (19) section 138C (Evidential provisions);
- (20) section 138D (Action for damages);
- (21) section 139A (Power of the FCA to give guidance);
- (22) section 213 (The compensation scheme);
- (23) section 214 (General);
- (24) section 215 (Rights of the scheme in insolvency);
- (25) section 226 (Compulsory jurisdiction);
- (26) section 332 (Rules in relation to persons to whom the general prohibition does not apply);
- (27) section 347 (The record of authorised persons etc);
- (28) section 395 (The FCA’s and PRA’s procedures);
- (29) paragraph 23 of Schedule 1ZA (Fees); and
- (30) paragraph 13 (FCA’s procedural rules) of Schedule 17.

- E. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.
- F. The Financial Conduct Authority consents to and approves the rules and guidance and standard terms made and amended and fixed and varied by the Financial Ombudsman Service Limited, as set out at Annex K.

### Commencement

- G. This instrument comes into force on 29 July 2022.

### Amendments to the Handbook

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

(1)	(2)
Glossary	Annex A
Principles for Businesses (PRIN)	Annex B
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex C
Threshold Conditions (COND)	Annex D
Training and Competence (TC)	Annex E
General Provisions (GEN)	Annex F
Fees manual (FEES)	Annex G
Conduct of Business sourcebook (COBS)	Annex H
Product Intervention and Product Governance sourcebook (PROD)	Annex I
Supervision manual (SUP)	Annex J

Dispute Resolution: Complaints sourcebook (DISP)	Annex K
Compensation sourcebook (COMP)	Annex L

- I. The Financial Conduct Authority confirms and remakes in the Glossary of definitions the defined expressions relating to any UK legislation which has been amended further to Part 2 of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2021.

#### **Making the Funeral Plan: Conduct of Business sourcebook**

- J. The Financial Conduct Authority makes the rules and gives the guidance in accordance with Annex M to this instrument.
- K. The Funeral Plan: Conduct of Business sourcebook (FPCOB) is added to the Business Standards block within the Handbook, immediately after the Claims Management: Conduct of Business sourcebook (CMCOB).

#### **Amendments to material outside the Handbook**

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

#### **Notes**

- M. In the Annexes to this instrument, the “notes” shown as “*Editor’s note:*” and “**Note:**” are included for the convenience of readers, but do not form part of the legislative text.

#### **Citation**

- N. This instrument may be cited as the Funeral Plans Instrument 2021.

By order of the Board of the Financial Ombudsman Service Limited  
22 June 2021

By order of the Board of the Financial Conduct Authority  
24 June 2021

## 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 definitions in the appropriate alphabetical position. The text is not underlined.

<i>best estimate</i>	a best estimate valuation should reflect the actuary's expectation of future experience for each risk factor given all available, relevant experience and information pertaining to the assumption being estimated and set in such a manner that there is an equal likelihood of the actual value being greater than or less than the expected value.
<i>carrying out a funeral plan contract as provider</i>	the <i>regulated activity</i> , specified in article 59(1A) of the <i>Regulated Activities Order</i> , of carrying out a <i>funeral plan contract</i> as provider.
<i>core capital resources requirement</i>	<ol style="list-style-type: none"><li>(1) for a <i>firm</i> to which <i>FPCOB 15</i> applies that also has a <i>Part 4A permission</i> to carry on other <i>regulated activities</i>, the requirement specified in <i>FPCOB 15.7.1R</i>;</li><li>(2) for a <i>firm</i> with a <i>Part 4A permission</i> to carry on <i>funeral plan distribution</i> to which <i>FPCOB 15</i> applies and that does not also carry on any other <i>regulated funeral plan activity</i>, the requirement specified in <i>FPCOB 15.6.1R</i>; or</li><li>(3) for a <i>firm</i> with a <i>Part 4A permission</i> to carry on any other <i>regulated funeral plan activity</i> to which <i>FPCOB 15</i> applies, the requirement specified in <i>FPCOB 15.5.1R</i>.</li></ol>
<i>covered individual</i>	the <i>individual</i> on whose death a funeral will be provided or secured under a <i>funeral plan contract</i> or prospective <i>funeral plan contract</i> .
<i>existing funeral plan product</i>	(for the purposes of <i>PROD 1.7</i> and <i>PROD 7</i> ) a <i>funeral plan product</i> : <ol style="list-style-type: none"><li>(1) that was <i>manufactured</i> prior to 29 July 2022;</li><li>(2) is available to be marketed or <i>distributed to customers</i>.</li></ol>
<i>FPCOB</i>	the Funeral Plan: Conduct of Business sourcebook.
<i>FP distribution charge</i>	any form of charge payable by a <i>customer</i> to a <i>firm</i> in relation to the provision of <i>funeral plan distribution</i> and agreed between the <i>firm</i> and the <i>customer</i> .
<i>funeral plan</i>	a <i>funeral plan contract</i> .

<i>Funeral Planning Authority</i>	the Funeral Planning Authority Community Interest Company.
<i>funeral plan distribution</i>	any of the following <i>regulated activities</i> carried on in relation to a <i>funeral plan contract</i> : <ul style="list-style-type: none"><li>(a) <i>dealing in investments as agent</i> (article 21);</li><li>(b) <i>arranging (bringing about) deals in investments</i> (article 25(1));</li><li>(c) <i>making arrangements with a view to transactions in investments</i> (article 25(2));</li><li>(d) <i>advising on investments (except P2P agreements)</i> (article 53(1)); and</li><li>(e) <i>agreeing to carry on a regulated activity</i> in (a) to (d) (article 64).</li></ul>
<i>funeral plan intermediary</i>	a <i>firm</i> carrying on <i>funeral plan distribution</i> other than a <i>funeral plan provider</i> .
<i>Funeral Plans Order</i>	the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2021 (SI 2021/90).
<i>funeral plan product</i>	the product for distribution as a <i>funeral plan contract</i> to <i>customers</i> generally but not intended to refer to each individual <i>funeral plan contract</i> being sold or provided (unless the context indicates otherwise).
<i>funeral plan provider</i>	a <i>firm</i> with <i>permission</i> for one or both of the <i>regulated activities</i> of: <ul style="list-style-type: none"><li>(a) <i>entering as provider into a funeral plan contract</i>;</li><li>(b) <i>carrying out a funeral plan contract as provider</i>.</li></ul>
<i>funeral plan provision activity</i>	the <i>regulated activities</i> of: <ul style="list-style-type: none"><li>(a) <i>entering as provider into a funeral plan contract</i>; and</li><li>(b) <i>carrying out a funeral plan contract as provider</i>.</li></ul>
<i>funeral plan summary</i>	a summary of a <i>funeral plan contract</i> in the format and containing the information in <i>FPCOB 9 Annex 1</i> .
<i>general solvency requirement</i>	the requirement specified in <i>FPCOB 15.2.1R</i> .
<i>instalment payment fee</i>	a fee which is additional to the cost of the <i>funeral plan product</i> and is charged to a <i>customer</i> in connection with a <i>firm</i> accepting payments by one or more instalments in respect of an <i>instalment payment funeral plan</i> .

<i>instalment payment funeral plan</i>	a <i>funeral plan contract</i> under which the <i>customer</i> is required to make more than one payment/periodic payments to the <i>funeral plan provider</i> .
<i>legacy funeral plan contract</i>	a <i>funeral plan contract</i> entered into before 1 January 2002.
<i>moratorium period</i>	the period under a <i>funeral plan contract</i> , as provided for in <i>FPCOB 7</i> or otherwise agreed between the <i>customer</i> and <i>funeral plan provider</i> , during which the <i>funeral plan provider</i> is not obliged to provide, or secure the provision of, a funeral on the death of the <i>covered individual</i> .
<i>new funeral plan</i>	a <i>funeral plan contract</i> entered into on or after 29 July 2022.
<i>nominated representative document</i>	a <i>document</i> in the format and containing the information in <i>FPCOB 9 Annex 2</i> .
<i>primary purpose</i>	the purpose set out in <i>FPCOB 3.1.5R</i> .
<i>protected funeral plan business</i>	<i>regulated funeral plan activities</i> which are covered by the <i>compensation scheme</i> , as defined in <i>COMP 5.9</i> .
<i>regulated funeral plan activity</i>	any <i>regulated activity</i> carried on in relation to a <i>funeral plan contract</i> , that is: <ul style="list-style-type: none"><li>(a) <i>dealing in investments as agent</i> (article 21);</li><li>(b) <i>arranging (bringing about) deals in investments</i> (article 25(1));</li><li>(c) <i>making arrangements with a view to transactions in investments</i> (article 25(2));</li><li>(d) <i>managing investments</i> (article 37);</li><li>(e) <i>safeguarding and administering investments</i> (article 40);</li><li>(f) <i>sending dematerialised instructions</i> (article 45(1));</li><li>(g) <i>causing dematerialised instructions to be sent</i> (article 45(2));</li><li>(h) <i>advising on investments (except P2P agreements)</i> (article 53(1));</li><li>(i) <i>entering as provider into a funeral plan contract</i> (article 59(1));</li><li>(j) <i>carrying out a funeral plan contract as provider</i> (article 59(1A)); and</li><li>(k) <i>agreeing to carry on a regulated activity</i> in (a) to (j) (article 64).</li></ul>

<i>relevant transitional funeral plan complaint</i>	a <i>complaint</i> in respect of which the <i>Financial Ombudsman Service</i> has jurisdiction by operation of article 7 of the <i>Funeral Plans Order</i> .
<i>remediation plan</i>	a plan that is produced in accordance with <i>FPCOB</i> 3.2.6R and <i>FPCOB</i> 3.2.7R (including any amendments agreed with the <i>FCA</i> or imposed by the <i>FCA</i> by <i>requirement</i> ).
<i>solvency assessment report</i>	a report produced in accordance with <i>FPCOB</i> 3.2.2R and <i>FPCOB</i> 3.2.3R.
<i>subsisting funeral plan</i>	a <i>funeral plan contract</i> that was entered into before 29 July 2022 and is still in force.
<i>trust arrangement</i>	<p>(1) in relation to a <i>new funeral plan</i>, a trust meeting the requirements of <i>FPCOB</i> 3.1.9R;</p> <p>(2) in relation to a <i>subsisting funeral plan</i>, a trust that was established to meet the requirements of article 60(1)(b) of the <i>Regulated Activities Order</i>, as it applied at that time.</p>
<i>whole of life insurance policy</i>	<p>(1) in relation to a <i>new funeral plan</i>, a <i>contract of insurance</i> meeting the requirements of <i>FPCOB</i> 3.1.8R;</p> <p>(2) in relation to a <i>subsisting funeral plan</i>, a <i>contract of insurance</i> that was entered into to meet the requirements of article 60(1)(a) of the <i>Regulated Activities Order</i>, as it applied at that time.</p>

Amend the following definitions as shown.

<i>annual income</i>	<p>(1) (in <i>MIPRU</i>) the income referred to in <i>MIPRU</i> 4.3.</p> <p>(2) (in <i>IPRU(INV)</i> 13) the income referred to in <i>IPRU(INV)</i> 13.14 (Calculation of annual income).</p> <p>(3) <u>(in <i>FPCOB</i> 15) the income referred to in <i>FPCOB</i> 15.8 (Calculation of annual income).</u></p>
<i>client</i>	<p>...</p> <p>(B) in the <i>FCA Handbook</i>:</p> <p>(1) (except in <i>PROF</i>, in relation to a <i>credit-related regulated activity</i>, <u>in relation to regulated funeral plan activity</u>, in relation to a <i>home finance transaction</i> and in relation to <i>insurance risk transformation</i> and activities directly arising from <i>insurance risk transformation</i>) ...</p>

...

(11) (in relation to regulated funeral plan activity) a customer.

contract of  
insurance

...

but not including a *funeral plan contract* ~~(or a contract which would be a funeral plan contract but for the exclusion in article 60 of the Regulated Activities Order (Plans covered by insurance or trust arrangements))~~; in this definition “annuities on human life” does not include superannuation allowances and annuities payable out of any fund applicable solely to the relief and maintenance of *persons* engaged, or who have been engaged, in any particular profession, trade or employment, or of the dependants of such *persons*.

customer

...

(B) in the *FCA Handbook*:

(1) (except in relation to SYSC 19F.2, *ICOBS*, *retail premium finance*, a *credit-related regulated activity*, *regulated claims management activity*, regulated funeral plan activity, *MCOB 3A*, an *MCD credit agreement*, *CASS 5*, *PRIN* in relation to *MiFID* or equivalent third country business, *DISP 1.1.10-BR*, *PROD 1.4* and *PROD 4*) and in relation to *payment services* and issuing *electronic money* (where not a *regulated activity*) a *client* who is not an *eligible counterparty* for the relevant purposes.

...

(9) (in relation to regulated funeral plan activity and funeral plan products):

(a) (except in *PRIN*) the person referred to in article 59 (2)(a) of the Regulated Activities Order who makes, or will make, one or more payments to another person under a funeral plan contract or prospective funeral plan contract;

(b) (in *PRIN*) a ‘customer’ in (a) and, if different in relation to a funeral plan contract or prospective funeral plan contract, a covered individual.

customer’s  
best interests  
rule

(1) (in relation to regulated funeral plan activity) *FPCOB 2.1.2R*.

(2) (for all other purposes) *ICOBS 2.5.-1R*.

dealing in  
investments as  
agent

the *regulated activity*, specified in article 21 of the *Regulated Activities Order* (Dealing in investments as agent), which is in summary: *buying*, *selling*, *subscribing for* or *underwriting designated investments* (other than *P2P*



agreements), pure protection contracts, general insurance contracts, ~~or~~ structured deposits or funeral plan contracts as agent.

*distribute*

...

(4) (in relation to PROD 1.7 and PROD 7) advising on or proposing a funeral plan contract.

*distributor*

...

(3) (in relation to PROD 1.7 and PROD 7) a firm which advises on or proposes funeral plan contracts which it does not manufacture.

*employee*

...

(2) (for the purposes of:

...

(b) SUP 12 (Appointed representatives); and

(c) ~~FC~~ TC; and

(d) SYSC 19F.3)

...

*entering as provider into a funeral plan contract*

the regulated activity, specified in article 59 of the Regulated Activities Order (Funeral plan contracts) ~~which comes into force on 1 January 2002,~~ of entering as provider into a funeral plan contract.

*fair, clear and not misleading rule*

(1) ~~COBS 4.2.1R or,~~ (in relation to regulated claims management activity and ancillary activity) CMCOB 3.2.1R.

(2) (in relation to regulated funeral plan activity) FPCOB 4.1.3R.

(3) (for all other purposes) COBS 4.2.1R.

*fee*

...

(3) (in FPCOB) remuneration payable directly by a customer in relation to a funeral plan contract that is not included in the price of the funeral plan.

...

*financial promotion rules*

...

	(7)	<u>(in relation to <i>FPCOB</i>) any or all of the <i>rules</i> in <i>FPCOB</i> 4, that impose requirements in relation to a <i>financial promotion</i> but only to the extent that they apply to a <i>financial promotion</i>.</u>
<i>firm</i>	(1)	...
		...
	(10)	...
	(10A)	<u>(in <i>DISP</i> 2 and 3) includes, in accordance with the <i>Funeral Plans Order</i>, an <i>unauthorised person</i> subject to the <i>Compulsory Jurisdiction</i> in relation to a <i>relevant transitional funeral plan complaint</i>.</u>
<i>former scheme</i>	(1)	(except in relation to a <i>relevant transitional complaint</i> , <del>or</del> a <i>relevant claims management complaint</i> <u>or a <i>relevant transitional funeral plan complaint</i></u> ) any of the following:
	(a)	...
		...
	(3)	(in relation to a <i>relevant claims management complaint</i> ) the <i>Legal Ombudsman</i> ;
	(4)	<u>(in relation to a <i>relevant transitional funeral plan complaint</i>)</u>
	(a)	<u>(except in <i>DISP</i> 3.6.5G and <i>DISP</i> 3.7.3G) the complaints procedure which was contained in the <i>Funeral Planning Authority's Code of Practice and Rules</i> in force at the time of the act or omission that is the subject of the <i>relevant transitional funeral plan complaint</i>; or</u>
	(b)	<u>(in <i>DISP</i> 3.6.5G and <i>DISP</i> 3.7.3G) the <i>Funeral Planning Authority's Code of Practice and Rules</i> in force immediately before 28 January 2021.</u>
<i>funeral plan contract</i>		the <i>investment</i> , specified in articles 59(2), <del>60</del> and 87 of the <i>Regulated Activities Order</i> <del>which comes into force on 1 January 2002</del> , which is in summary: rights under a contract which:
		...
		unless, at the time of entering into the contract, the customer and the provider intend or expect the funeral to occur within one month; <del>but excluding certain contracts under which sums paid will be applied towards a <i>contract of insurance</i> or will be held on trust.</del>
<i>individual capital guidance</i>	(1)	<u>(other than in (2)) <i>guidance</i> given to a <i>firm</i> about the amount and quality of capital resources that the <i>appropriate regulator</i> thinks the</u>

*firm* should hold at all times under the *overall financial adequacy rule* as it applies on a solo level or a consolidated level.

(2) (in FPCOB 15) guidance given to a firm about the amount and quality of capital resources that the FCA thinks the firm should hold at all times under FPCOB 15.2.1R (General solvency requirement).

*individual liquidity guidance*

(1) (other than in (2)) guidance given to a firm about the amount, quality and funding profile of liquidity resources that the appropriate regulator has asked the firm to maintain.

(2) (in FPCOB 15) guidance given to a firm about the amount, quality and funding profile of liquidity resources that the FCA thinks the firm should hold at all times under FPCOB 15.2.1R (General solvency requirement).

*manufacture* ...

(4) (in relation to PROD 1.7 and PROD 7) any of:

(a) creating;

(b) developing;

(c) designing; and/or

(d) entering as provider into a funeral plan contract and/or carrying out a funeral plan contract as provider,

a funeral plan product.

*manufacturer* ...

(3) (in relation to PROD 1.7 and PROD 7) a firm which manufactures funeral plan products for sale to customers.

*payment shortfall* ...

(3) the total sum of periodic instalments towards the purchase price of a funeral plan that have become due under the terms of the funeral plan contract but which, in breach of those terms, remains unpaid.

*regulated activity* ...

(B) in the *FCA Handbook*: (in accordance with section 22 of the *Act* (Regulated activities)) the activities specified in Part II (Specified activities), Part 3A (Specified activities in relation to information) and Part 3B (Claims management activities in Great Britain) of the *Regulated Activities Order*, which are, in summary: ...

...

	(t)	<i>entering as provider into a funeral plan contract (article 59(1));</i>
	(t-a)	<u><i>carrying out a funeral plan contract as provider (article 59(1A));</i></u>
	...	
	...	
<i>relevant complaint</i>	(1)	<i>(in DISP) a relevant existing complaint, relevant new complaint, a relevant transitional complaint, and (in DISP and FEES 5) a relevant claims management complaint <u>and a relevant transitional funeral plan complaint.</u></i>
	...	
<i>remuneration</i>	...	
	...	
	(5)	<u><i>(in SYSC 19F.3 and FPCOB) any commission, fee, charge or other payment, including an economic benefit of any kind or any other financial or non-financial advantage or incentive offered or given in respect of funeral plan distribution or funeral plan provision activities.</i></u>
<i>respondent</i>	(1)	...
	...	
	(7)	<u><i>(in DISP 2 and 3 and FEES 5) includes, in accordance with the Funeral Plans Order, an unauthorised person subject to the Compulsory Jurisdiction in relation to a relevant transitional funeral plan complaint.</i></u>
<i>third party processor</i>	(1)	<i>A firm (“Firm A”) which carries on home finance activities, <u>funeral plan distribution</u> or insurance distribution activities other than advising on life policies, or <del>both</del> <u>all of these</u>, for another firm (or an appointed representative) (“Firm B”) under a properly documented outsourcing agreement, the terms of which provide that when Firm A carries on any of these activities (“the outsourced activities”) for Firm B:</i>
	...	
	(2)	<i>A firm (“Firm C”) which carries on home finance activities, <u>funeral plan distribution</u> or insurance distribution activities other than advising on life policies, or <del>both</del> <u>all of these</u>, for a third party processor within (1) (“Firm A”), where:</i>
	...	



## Annex B

### Amendments to the Principles for Businesses (PRIN)

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

#### 1 Introduction

...

#### 1.2 Clients and the Principles

...

##### Approach to client categorisation

1.2.2 G ~~Principles 6, 8 and 9 and parts of Principle 7, as qualified by PRIN 3.4.1R, apply only in relation to customers. The approach that a firm (other than for credit-related regulated activities, and regulated claims management activities, payment services and issuing electronic money (where not a regulated activity) in relation to which client categorisation does not apply) needs to take regarding categorisation of clients into customers and eligible counterparties will depend on whether the firm is carrying on designated investment business, insurance risk transformation and activities directly arising from insurance risk transformation, or other activities, as described in PRIN 1.2.3G. [deleted]~~

- 1.2.3 G (1) In relation to the carrying on of *designated investment business*, *insurance risk transformation* and activities directly arising from *insurance risk transformation*, a firm's categorisation of a *client* under the *COBS client* categorisation chapter (*COBS 3*) will be applicable for the purposes of *Principles 6, 7, 8 and 9*. [deleted]
- (1AA) In relation to the carrying on of *insurance risk transformation* and activities directly arising from *insurance risk transformation*, the *COBS client* categorisation chapter (*COBS 3*) applies as modified by *COBS 18.6A.3R*.
- (1A) ~~Client~~ categorisation under *COBS 3* or *PRIN 1 Annex 1* is not relevant to *credit-related regulated activities* and therefore the guidance on *client* categorisation does not apply in relation to a *credit-related regulated activity*. The definitions of *client* and *customer* in relation to those *regulated activities* reflect the modified meaning of "consumer" in articles 36J, 39M, 60LA, 60S and 89E of the *Regulated Activities Order*, as well as the definitions of "individual" and of "relevant recipient of credit" in that Order.
- (1AB) ~~Client~~ categorisation under *COBS 3* or *PRIN 1 Annex 1R* is not relevant to *regulated claims management activities* and therefore the

~~guidance on *client* categorisation does not apply in relation to a regulated claims management activity.~~

- (2) ~~The person to whom a firm gives basic advice on a stakeholder product will be a retail client for all purposes, including the purposes of Principles 6, 7, 8 and 9.~~
- (3) ~~In relation to carrying on activities other than designated investment business, insurance risk transformation or activities directly arising from insurance risk transformation (for example, general insurance business or accepting deposits) the firm may choose to comply with Principles 6, 7, 8 and 9 as if all its clients were customers. Alternatively, it may choose to distinguish between eligible counterparties and customers in complying with those Principles. If it chooses to make such a distinction, it must comply with PRIN 1 Annex 1 in determining whether that client is an eligible counterparty (see PRIN 3.4.2R). In doing so, the requirements in SYSC will apply, including the requirement to make and retain adequate records.~~
- (4) ~~In relation to carrying on activities that fall within both (1) and (3) (for example, mixed designated investment business and accepting deposits), a firm's categorisation of a client under the COBS client categorisation chapter (COBS 3) will be applicable for the purposes of Principles 6, 7, 8 and 9.~~

...

Acting through an agent

1.2.6 G ...

...

**3 Rules about application**

...

**3.2 What?**

3.2.1A R *PRIN* applies with respect to the carrying on of:

...

- (3) *ancillary activities in relation to designated investment business, home finance activity, regulated funeral plan activity, credit-related regulated activity, insurance distribution activity and accepting deposits; and*

...

...

3.2.2A R ~~*PRIN 1 Annex 1, PRIN 3.4.1R and PRIN 3.4.2R do not apply with respect to the carrying on of credit-related regulated activities or regulated claims management activities, or to the provision of payment services or the issuing of electronic money (where not a regulated activity).*~~ [deleted]

...

### 3.4 General

#### Clients and the Principles

3.4.-1 R *PRIN 3.4.1R, PRIN 3.4.2R and PRIN 1 Annex 1 do not apply with respect to:*

- (1) *credit-related regulated activities; or*
- (2) *regulated claims management activities; or*
- (3) *regulated funeral plan activities; or*
- (4) *payment services; or*
- (5) *the issuing of electronic money (where not a regulated activity).*

...

3.4.3 G (1) ~~*COBS 3 (Client categorisation) applies to a firm intending to conduct, or conducting, designated investment business (other than giving basic advice), ancillary activities relating to designated investment business and to a firm intending to carry on, or carrying on, insurance risk transformation and activities directly arising from insurance risk transformation. Any client categorisation established in relation to such business will be applicable for the purposes of Principles 6, 7, 8 and 9.*~~ [deleted]

(2) ~~*The person to whom a firm gives basic advice will be a retail client for all purposes including the purposes of Principles 6, 7, 8 and 9.*~~

(3) ~~*PRIN 3.4.1R and PRIN 3.4.2R do not apply with respect to the carrying on of credit-related regulated activities. Client categorisation does not apply in relation to carrying on a credit-related regulated activity. The definitions of client and customer in relation to those regulated activities reflect the modified meaning of “consumer” in articles 36J, 39M and 89E of the Regulated Activities Order, as well as the definitions of “individual” and of “relevant recipient of credit” in that Order.*~~

(4) ~~*PRIN 3.4.1R and PRIN 3.4.2R do not apply with respect to the carrying on of regulated claims management activities. Client categorisation does not apply in relation to carrying on a regulated claims management activity.*~~



- (5) ~~*PRIN 3.4.1R and PRIN 3.4.2R do not apply with respect to the provision of payment services or the issuing of electronic money where it is not a regulated activity. Client categorisation does not apply in relation to carrying on of those activities. The definitions of customer in relation to those activities reflects the scope of the corporate opt out under the Payment Services Regulations.*~~

...

**Annex C**

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

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

**1 Application and purpose**

...

**1 Annex Detailed application of SYSC**

**1**

...

Part 2		Application of the common platform requirements		
		Who?		
...				
		What?		
...				
2.11	R	The <i>common platform requirements on financial crime</i> apply as set out in SYSC 1 Annex 1 2.8R, except that they do not apply:		
		...		
		(2)	in relation to the following <i>regulated activities</i> :	
			...	
		(g)	<i>reversion activity; and</i>	
		(h)	<i>meeting of repayment claims and managing dormant account funds (including the investment of such funds); and</i>	
		(i)	<i>regulated funeral plan activities.</i>	
...				

...

**Table A: Application of the common platform requirements in SYSC 4 to SYSC 10**

...

Provision SYSC 10	COLUMN A Application to a common platform firm other than to a UCITS investment firm	COLUMN A+ Application to a UCITS management company	COLUMN A++ Application to a full-scope UK AIFM of an authorised AIF	COLUMN B Application to all other firms apart from insurers, UK ISPVs, managing agents, the Society, full-scope UK AIFMs of unauthorised AIFs, MiFID optional exemption firms and third country firms
<u>SYSC 10.1.5G</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Guidance in relation to funeral plan distribution</u>
...				
SYSC 10.1.4R	Not applicable	Rule, but not applicable in relation to <i>insurance distribution activities</i>	Not applicable	Guidance - but applies as a rule in relation to the production or arrangement of investment research, or the production or dissemination of non-independent research, in accordance with <i>COBS 12.2</i>  Not applicable in relation to <i>insurance distribution activities</i> or <u>funeral plan distribution</u>
SYSC 10.1.4AG	Not applicable	Not applicable	Not applicable	Guidance - but not applicable in relation to <i>insurance distribution activities</i> or <u>funeral plan distribution</u>
SYSC 10.1.4BR	Not applicable	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities</i> and <u>funeral plan distribution</u>

SYSC 10.1.4CR	Not applicable	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities and funeral plan distribution</i>
...				
SYSC 10.1.6R	Not applicable	Rule	Rule in relation to <i>insurance distribution activities</i> . Otherwise, not applicable	Guidance - but applies as a rule: (a) in relation to the production or arrangement of investment research, or the production or dissemination of non-independent research, in accordance with <i>COBS 12.2</i> ; and (b) in relation to <i>insurance distribution activities and funeral plan distribution</i>
SYSC 10.1.6AG	Not applicable	Not applicable	Guidance - but not applicable in relation to <i>insurance distribution activities</i>	Guidance - but not applicable in relation to <i>insurance distribution activities or funeral plan distribution</i>
SYSC 10.1.6AAR	Not applicable	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities and funeral plan distribution</i>
...				
SYSC 10.1.9AR	Not applicable	Rule in relation to <i>insurance distribution activities</i> . Otherwise, not applicable	Rule in relation to <i>insurance distribution activities</i> . Otherwise, not applicable	Guidance - but applies as a rule in relation to <i>insurance distribution activities and funeral plan distribution</i>

SYSC 10.1.10R	Not applicable	Rule	Rule in relation to <i>insurance distribution activities</i> . Otherwise, not applicable	Guidance - but applies as a rule: (a) in relation to the production or arrangement of investment research, or the production or dissemination of non-independent research, in accordance with <i>COBS 12.2</i> ; and (b) in relation to <i>insurance distribution activities</i> <u>and funeral plan distribution</u>
SYSC 10.1.11R	Not applicable	Rule	Rule in relation to <i>insurance distribution activities</i> . Otherwise, not applicable	Guidance - but applies as a rule: (a) in relation to the production or arrangement of investment research, or the production or dissemination of non-independent research, in accordance with <i>COBS 12.2</i> ; and (b) in relation to <i>insurance distribution activities</i> <u>and funeral plan distribution</u>
SYSC 10.1.11AG	Not applicable	Not applicable	Guidance - but not applicable in relation to <i>insurance distribution activities</i>	Guidance - but not applicable in relation to <i>insurance distribution activities</i> <u>or funeral plan distribution</u>
SYSC 10.1.11AA R	Not applicable	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities</i>	Rule in relation to <i>insurance distribution activities</i> <u>and funeral plan distribution</u>
...				

...

**Table B: Application of the common platform requirements in SYSC 4 to 10 to MiFID optional exemption firms and third country firms**

...

Provision	COLUMN A MiFID optional exemption firms	COLUMN B Third country firms
...	...	...

SYSC 6.1.4CR	<u>SYSC 6.1.4CR(2)(c) and SYSC 6.1.4CR(3) apply</u> as specified in <del>that rule</del> <u>SYSC 6.1.4CR</u> Otherwise not applicable	SYSC 6.1.4CR(3) applies as specified in <del>that rule</del> <u>SYSC 6.1.4CR</u> Otherwise not applicable
...		

...

#### 4 General organisational requirements

...

#### 4.4 Apportionment of responsibilities

...

Allocating functions of apportionment and oversight

...

#### 4.4.6 G Frequently asked questions about allocation of functions in SYSC 4.4.5R

Question		Answer
1	Does an individual to whom a function is allocated under SYSC 4.4.5R need to be an <i>approved person</i> ?	Yes. They will be performing the <i>limited scope function</i> . However, the <i>limited scope function</i> does not apply to an <i>EEA SMCR firm</i> (except claims management and <u>funeral plan firms</u> ) or an <i>authorised professional firm</i> that is a <i>core SMCR firm</i> .
...	...	...
12	How does the requirement to allocate the functions in SYSC 4.4.5R apply to an <i>EEA SMCR firm</i> other than a claims management or <u>funeral plan firm</u> ?	...
...	...	...

...

#### 10 Conflicts of interest

## 10.1 Application

### Application to funeral plan distribution

10.1.-5 G This section applies to a firm carrying on funeral plan distribution in accordance with the tables in Part 3 of SYSC 1 Annex 1.

Application to insurance intermediaries

...

Types of conflicts

...

10.1.4B R For the purposes of identifying the types of conflict of interest that arise, or may arise, in the course of carrying on *insurance distribution activities* or *funeral plan distribution* and whose existence may damage the interests of a *client* (“A”), a *firm* must assess whether:

- (1) the *firm* or a *relevant person*, or a *person* directly or indirectly linked by *control* to the *firm*; or
- (2) (in the case of conflicts between A and another *client*) the other *client*, has an interest in the outcome of the *insurance distribution activities* or *funeral plan distribution*, which meets the following criteria:
  - (3) it is distinct from A’s interest in the outcome of the *insurance distribution activities* or *funeral plan distribution*s; and

...

...

Record of conflicts

10.1.6 R ~~A management company,~~ and an insurance intermediary and a firm carrying on funeral plan distribution must keep and regularly update a record of the kinds of service or activity carried out by or on behalf of that *firm* in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

[Note: article 20(1) of the *UCITS implementing Directive*]

...

10.1.6A R An *insurance intermediary* and a firm carrying on funeral plan distribution must ensure that its management body receives on a frequent basis, and at least annually, written reports on all situations referred to in SYSC 10.1.6R.  
A

...

Disclosure of conflicts

- 10.1.8 R ...
- (2) The disclosure must:
- ...
- (c) include specific description of the conflicts of interest that arise in the provision of *funeral plan distribution, insurance distribution activities, investment services or ancillary services*;
- ...
- ...

...

Conflicts policy

- 10.1.10 R (1) *A management company, ~~and~~ an insurance intermediary and a firm carrying on funeral plan distribution* must establish, implement and maintain an effective *conflicts of interest policy* that is set out in writing and is appropriate to the size and organisation of the *firm* and the nature, scale and complexity of its business.
- (2) Where the *management company, ~~or~~ insurance intermediary or firm carrying on funeral plan distribution* is a member of a *group*, the policy must also take into account any circumstances, of which the *firm* is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the *group*.
- ...

Contents of policy

- 10.1.11 R (1) The *conflicts of interest policy* must include the following content:
- (a) it must identify in accordance with SYSC 10.1.3R, SYSC 10.1.4R, SYSC 10.1.4BR and SYSC 10.1.4CR (as applicable), by reference to the specific services and activities carried out by or on behalf of the *management company, insurance intermediary or firm carrying on funeral plan distribution*, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more *clients*; and
- ...
- (2) ...



- (a)
- (aa) (for an *insurance intermediary* or a *firm carrying on funeral plan distribution activities*) be designed to ensure that the *insurance distribution activities* or *funeral plan distribution* are carried out in accordance with the best interests of the *client* and are not biased due to conflicting interests of the *insurance intermediary*, the firm carrying on funeral plan distribution or another *client*; and
- (b) include, for an *insurance intermediary* or a *firm carrying on funeral plan distribution*, where appropriate, the following, and for a *management company*, such of the following as are necessary and appropriate for the *management company* to ensure the requisite degree of independence:

...

- (vi) (for *insurance intermediaries* or *firms carrying on funeral plan distribution*) a gifts and benefits policy which determines clearly under which conditions gifts and benefits can be accepted or granted and which steps are to be taken when accepting and granting gifts and benefits.

...

- (4) If one or more of the measures and procedures in paragraph (2) is not appropriate for the purposes of paragraph (2)(aa), an *insurance intermediary* or a *firm carrying on funeral plan distribution* must adopt such alternative measures and procedures as are necessary and appropriate.
- (5) The procedures and measures provided for in paragraph (1)(b) must be appropriate to the size and activities of an insurance intermediary's or a firm carrying on funeral plan distribution ~~size and activities~~, the *group* to which it may belong and to the risk of damage to the interests of the *client*.

...

- 10.1.11 G Other *firms* (except *common platform firms*, *UCITS management companies*, *insurance intermediaries* and *firms carrying on funeral plan distribution*) should take account of the *rules* relating to *conflicts of interest policies* (see SYSC 10.1.10R and SYSC 10.1.11R) in accordance with ~~SYSC 1 Annex 1.3.2BR~~ SYSC 1 Annex 1 3.2BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R.

10.1.11 R An insurance intermediary and a firm carrying on funeral plan distribution  
AA must assess and periodically review, on at least an annual basis, the *conflicts of interest policy* established in accordance with SYSC 10.1.10R and SYSC 10.1.11R and should take all appropriate measures to address any deficiencies (such as over reliance on disclosure of conflicts of interest).

...

10.1.11 G A firm (other than a common platform firm, and an and an insurance  
B intermediary and a firm carrying on funeral plan distribution) should read SYSC 10.1.11AAR as if “should” appeared in that rule instead of “must”.

...

After SYSC 19F.2 (IDD remuneration incentives) insert the following new section SYSC 19F.3. The text is not underlined.

### **19F.3 Funeral plan remuneration incentives**

#### Application

19F.3.1 R This section applies to a *firm* carrying on *regulated funeral plan activities*.

#### Remuneration and the customer’s best interests

19F.3.2 R (1) A *firm* must not:

(a) be *remunerated*; or

(b) *remunerate* or assess the performance of its *employees*,

in a way that conflicts with its duty to comply with the *customer’s best interests rule*.

(2) In particular, a *firm* must not make any arrangements by way of *remuneration*, sales target or otherwise that could provide an incentive to itself or its *employees* to recommend or offer a particular *funeral plan contract* to a *customer* when the *firm* could offer a different *funeral plan contract* which would better meet the *customer’s* needs.

19F.3.3 G (1) A *firm* should consider *FPCOB* 6.4R and *FPCOB* 6.5R when making arrangements which concern *remuneration* or performance incentives.

(2) Examples of *remuneration* arrangements which may conflict with the *customer’s best interests rule* include:

(a) arrangements which provide for higher levels of *remuneration* based on the price of the plan that is recommended or offered (i.e. higher *remuneration* for selling a more expensive plan);

- (b) arrangements for *remuneration* or performance management which are based primarily on the number of plans sold, or the price of plans sold; and
- (c) arrangements which do not have adequate provision for *remuneration* to be taken back if the customer cancels the plan.

Amend the following as shown.

...

## 23 Senior managers and certification regime: Introduction and classification

...

### 23.2 Definitions and types of firms

...

23.2.3 G Broadly speaking, *firms* covered by the senior managers and certification regime that are regulated by the *FCA* are divided into three categories:

...

(3) *Firms* whose business is limited to certain types. These are called “*limited scope SMCR firms*”. A large number of *firms* will be in this category. The main examples are:

...

(e) a *firm* that only has *regulated claims management activities* in its *permission*; ~~and~~

(f) a *firm* that only has *permission* for benchmark activities and has the benefit of a *waiver* treating it as a *limited scope SMCR firm* as described in SYSC 23 Annex 1 6.12R (Benchmark firms: Waiver applying limited scope status); ~~and~~

(g) a *firm* that only has *permission* for *funeral plan distribution*.

...

## 23 Definition of SMCR firm and different types of SMCR firms Annex 1

...

Part Six: Definition of limited scope SMCR firm

...

...

6.4 R Table: List of limited scope SMCR firms referred to in SYSC 23 Annex 1  
6.3R

...	
(5)	...
(6)	<u>A firm that meets the following conditions:</u>
	(a) <u>it has permission for any activity constituting funeral plan distribution; and</u>
	(b) <u>it does not have permission to carry on any other regulated activity.</u>

...

**27 Senior managers and certification regime: Certification regime**

...

**27.8 Definitions of the FCA certification functions**

...

Client-dealing function

...

27.8.19 R Table: Activities covered by the client-dealing FCA certification function

Activity	Comments
(1) The following activities: (a) ... (b) performing other functions related to this, such as <u>dealing, and arranging and (where the product is a contract) entering into and carrying it out.</u>	...
(2) ...	
(3) If the <i>firm</i> does any of the following activities:	...

<p>(a) <i>dealing</i>, as principal or as agent; <del>or</del></p> <p>(b) <i>arranging (bringing about) deals in investments</i>; <u>or</u></p> <p>(c) <u><i>funeral plan distribution (but not advising on investments) or a funeral plan provision activity</i></u>;</p> <p>taking part in those activities is included.</p>	
...	

...

After SYSC 28 (Insurance distribution: specific knowledge, ability and good repute requirements) insert the following new chapter SYSC 28A. The text is not underlined.

**28A Regulated funeral plan activities: good repute requirements**

**28A.1 Application**

28A.1.1 R This chapter applies to a *firm* with respect to *regulated funeral plan activities*.

**28A.2 Good repute**

Good repute requirements

28A.2.1 R A *firm* must ensure that all the *persons* in its management structure and any staff directly involved in the activities specified in SYSC 28A.1.1R are of good repute.

28A.2.2 G This includes but is not limited to those natural *persons*:

- (1) that are directly involved in the activities specified in SYSC 28A.1.1R; or
- (2) within the management structure responsible for the activities specified in SYSC 28A.1.1R; or
- (3) within the management structure responsible for any staff directly involved in the activities specified in SYSC 28A.1.1R.

28A.2.3 R In considering a *person's* repute the *firm* must at a minimum ensure that the *person*:

- (1) has a clean criminal record or any other national equivalent in relation to serious criminal offences linked to crimes against property or other crimes related to financial activities; and
  - (2) has not previously been declared bankrupt,
- unless they have been rehabilitated in accordance with national law.

- 28A.2.4 G (1) In the *United Kingdom* the following *persons* will be considered to have been rehabilitated:
- (a) in relation to a serious criminal offence, where the conviction is considered ‘spent’ under the *Rehabilitation of Offenders Act 1974*;
  - (b) in relation to bankruptcy, where the bankruptcy has been discharged.
- (2) References to “serious criminal offences” are not restricted to offences considered to have been committed in or under the law of the *United Kingdom*.
- (3) A *firm* should give particular consideration to offences of dishonesty, fraud, financial crime or other offences under legislation relating to banking and financial services, companies, insurance and consumer protection.
- 28A.2.5 G A *firm’s* systems and controls should enable it to satisfy itself of the suitability of anyone who acts for it (see SYSC 5.1.2G). This includes, among other things, the assessment of an individual’s honesty.

### 28A.3 Record keeping requirements

#### Record keeping requirements

- 28A.3.1 R A *firm* must:
- (1) establish, maintain and keep appropriate records to demonstrate compliance with this chapter; and
  - (2) be in a position to provide to the *FCA*, on request, the name of the *person* responsible for the record-keeping requirement in (1).
- 28A.3.2 R A *firm* must not prevent any *person* from obtaining a copy of the records relating to them which are maintained by the *firm* for the purposes of SYSC 28A.3.1R.
- 28A.3.3 G The rules specified in SYSC 28A.3.1R relate to the requirements specified in SYSC 5.1.1R, SYSC 9.1.1R and SYSC 10.1.6R.

Amend the following as shown.

...

**TP 7 Bank of England and Financial Services Act 2016: Certification and regulatory references**

**7.1 Application and purpose**

...

7.1.3 G SYSC TP 7:

...

- (3) has certain other transitional provisions relating to the amendments made to the *FCA Handbook* by the Individual Accountability (Dual-Regulated Firms) Instrument 2018, the Individual Accountability (FCA-Authorised Firms) Instrument 2019 and the Individual Accountability (FCA-Authorised Benchmark Firms) Instrument 2020; ~~and~~
- (4) is adjusted and supplemented by SYSC TP 8 in relation to certain claims management *firms*; and
- (5) does not apply to a firm that becomes an SMCR firm after 31 March 2021 except that:
  - (a) it may apply after then in relation to certain claims management firms covered by SYSC TP 8; and
  - (b) the parts of SYSC TP 7 that are described in the table in SYSC TP 7.1.2R (Table: Application of SYSC TP 7) as applying to “All other firms” might apply although in practice the material about employment references will not normally apply because of the time period in which SYSC TP 7 operates as described in SYSC TP 7.1.4G.

...

## Annex D

### Amendments to the Threshold Conditions sourcebook (COND)

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

#### 2 The threshold conditions

...

#### 2.5 Suitability

...

Paragraph 3D to Schedule 6 of the Act

...

2.5.6 G Examples of the kind of particular considerations to which the *FCA* may have regard when assessing whether a *firm* will satisfy, and continue to satisfy, this *threshold condition* include, but are not limited to, whether:

...

(18 in the case of a *firm* that carries on *regulated funeral plan activities*:  
A)

(a) all the *persons* in the *firm's* management structure and any staff directly involved in *regulated funeral plan activities* are of good repute (see SYSC 28A.2 (Good repute)); and

(19 ...  
)



## Annex E

### Amendments to the Training and Competence sourcebook (TC)

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

## 2 Competence

### 2.1 Assessing and maintaining competence

...

2.1.23C ...

Continuing professional development for persons involved in regulated funeral plan activities

2.1.23D R In this section, relevant employees are employees and other persons:

- (1) directly involved in regulated funeral plan activities; or
- (2) within the management structure responsible for the firm's regulated funeral plan activities; or
- (3) responsible for the supervision of a relevant employee acting in the capacity as set out in (1).

2.1.23E R In this section "employee":

- (1) is not restricted to an individual working under a contract of employment; and
- (2) includes (without limitation) any natural or legal person whose services are placed at the disposal of the firm, under an arrangement between the firm and a third party; and
- (3) also includes appointed representatives and their employees.

2.1.23F R A firm must ensure that each relevant employee who has been assessed as competent for the purposes of TC 2.1.1R remains competent by completing a minimum of 15 hours of appropriate continuing professional development in each 12 month period.

2.1.23G R The appropriate continuing professional development in SYSC 2.1.23FR is in addition to any other continuing professional development completed. Continuing professional development completed by a relevant employee in relation to activities other than regulated funeral plan activities must not be taken into account for the purpose of SYSC 2.1.23FR.

2.1.23H R For the purposes of SYSC 2.1.23FR, a firm must take into account the:

- (1) role and activity carried out by the relevant employee within the firm; and
- (2) the nature of the products sold.

- 2.1.23I      G      (1) Appropriate continued professional development has the same meaning as given in TC 2.1.22G(1), (3) to (5). For this purpose, reference to *retail investment adviser* should be read as if it were a reference to a relevant employee (under TC 2.1.23DR).
- (2) In relation to SYSC 2.1.23FR, the 15 hours of appropriate continuing professional development can include structured and unstructured training and need not consist of only formal classroom-based learning. For examples of structured and unstructured professional development see TC 2.1.20G and TC 2.1.21G.

- 2.1.23J      R      TC 2.1.17R (suspending the continuing professional development requirement) and related *guidance* apply in relation to a relevant employee and references to:
- (1) TC 2.1.15R must be read as if it were a reference to TC 2.1.23FR; and
  - (2) a *retail investment adviser* must be read as if it were a reference to a relevant employee (under TC 2.1.23DR).

Continuing professional development record keeping

- 2.1.24      R      A *firm* must, for the purposes of TC 3.1.1R (Record keeping), make and retain records of:
- (1) the continuing professional development completed by each:  
...
    - (b) *pension transfer specialist* (under TC 2.1.23AR);
    - (c) relevant employee (under TC 2.1.23DR)
- and
- (2) the dates of and reasons for any suspension of the continuing professional development requirements under TC 2.1.17R, ~~or~~ TC 2.1.23CR or TC 2.1.23JR.
- 2.1.25      R      A *firm* must not prevent a *retail investment adviser*, ~~or~~ a *pension transfer specialist* or a relevant employee from obtaining a copy of the records relating to them which are maintained by the *firm* for the purposes of TC 2.1.24R.

...

**App 1 Appendix 1**

**App 1.1 Activities and Products/Sectors to which TC applies subject to TC Appendices 2 and 3**

Activity	Products/Sectors		Is there an appropriate qualification requirement?
...			
Overseeing an <i>execution-only sale</i> on a day-to-day basis	26	<i>Regulated sale and rent back agreements</i>	No
<i>Regulated funeral plan activity carried on for a customer</i>			
<i>Dealing in investments as agent</i>	27	<i>Funeral plan contracts</i>	No
<i>Arranging (bringing about) deals in investments</i>	28	<i>Funeral plan contracts</i>	No
<i>Making arrangements with a view to transactions in investments</i>	29	<i>Funeral plan contracts</i>	No
<i>Managing investments</i>	30	<i>Funeral plan contracts</i>	No
<i>Safeguarding and administering investments</i>	31	<i>Funeral plan contracts</i>	No
<i>Sending dematerialised instructions</i>	32	<i>Funeral plan contracts</i>	No

<u>Causing dematerialised instructions to be sent</u>	<u>33</u>	<u>Funeral plan contracts</u>	<u>No</u>
<u>Advising on investments</u>	<u>34</u>	<u>Funeral plan contracts</u>	<u>No</u>
<u>Entering as provider into a funeral plan contract</u>	<u>35</u>	<u>Funeral plan contracts</u>	<u>No</u>
<u>Carrying out a funeral plan contract as provider</u>	<u>36</u>	<u>Funeral plan contracts</u>	<u>No</u>
<u>Agreeing to carry on a regulated activity</u>	<u>37</u>	<u>Funeral plan contracts</u>	<u>No</u>
<b>Notes:</b>			
...			

**Schedule 1 Record keeping requirements**

Sch -1.1

G

<i>TC 2.1.24R provides:</i>	
A <i>firm</i> must, for the purposes of <i>TC 3.1.1R</i> (Record keeping), make and retain records of:	
(1)	the continuing professional development completed by each <i>retail investment adviser</i> and relevant employee for the purposes of <u>regulated funeral plan activities</u> ; and
(2)	the dates of and reasons for any suspension of the continuing professional development requirements under <i>TC 2.1.17R</i> or <u><i>TC 2.1.23JR</i></u> .

...

## Annex F

### Amendments to the General Provisions (GEN)

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

#### GEN 2.3 General saving of the Handbook for Gibraltar

Continued application of the Handbook with respect to Gibraltar

2.3.1 R (1) ...

...

- (3) In *GEN 2.3*, a reference to “Gibraltar” includes, but is not limited to, rights or obligations conferred or imposed in relation to or in connection with ~~Gibraltar-based firms~~ *Gibraltar-based firms*, public institutions established, persons resident and body corporates incorporated in Gibraltar, and activities of firms in Gibraltar.
- (4) ~~In *GEN 2.3* “Gibraltar-based firm” has the same meaning as in the *Gibraltar Order*. A Gibraltar-based firm with permission for funeral plan provision activity or funeral plan distribution must comply with the relevant Handbook provisions relating to regulated funeral plan activity.~~

## Annex G

### Amendments to the Fees manual (FEES)

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

#### 5 Financial Ombudsman Service Funding

...

#### 5 Annex 1R Annual General Levy Payable in Relation to the Compulsory Jurisdiction for 2020/21

Introduction: annual budget

...

Compulsory jurisdiction - general levy

Industry block	Tariff base	General levy payable by firm
...	...	...
<u>25 – funeral plan intermediaries and funeral plan providers</u>	<u>Annual income</u>	[tbc]

#### 6 Financial Services Compensation Scheme Funding

##### 6.1 Application

...

- 6.1.7A G In order to allocate a share of the amount of *specific costs* and *compensation costs* to be funded by an individual *participant firm*, the funding arrangements are split into ~~six~~ seven *classes*: the General Insurance Distribution Claims *class*; the Investment Intermediation Claims *class*; the Investment Provision Claims *class*; the Home Finance Intermediation Claims *class*; the Debt Management Claims *class*; ~~and the deposit acceptors' contribution class~~; and the Funeral

Plans Claims class. The *permissions* held by a *participant firm* determine into which *class*, or *classes*, it falls.

...

**6 Annex 2 Financial Services Compensation Scheme – annual levy limits**

This table belongs to FEES 6.3.5R

Class	Category	Levy Limit (£ million)
...		
<u>Class 7: Funeral Plan Claims</u>		<u>5</u>

**6 Annex 3A Financial Services Compensation Scheme – classes and categories**

This table belongs to FEES 6.5.6AR

...

Class 2	Investment Intermediation Claims
...	...
Category 2.2	Life insurance provision
Firms with permission for:	<i>effecting contracts of insurance;</i> and/or
	<i>carrying out contracts of insurance;</i>
	<i>that are long-term insurance contracts (including pure protection contracts); and/or</i>
	<i>entering as provider into a funeral plan contract.</i>
Also includes:	the <i>Society</i>
...	

<b>Class 6</b>	<b>Deposit acceptors' contribution</b>
...	

<u><b>Class 7</b></u>	<u><b>Funeral Plan Claims</b></u>
<b><u>Firms with permission for:</u></b>	<u>any of the following in relation to a funeral plan contract:</u>
	<u>entering as provider into a funeral plan contract;</u>
	<u>carrying out a funeral plan contract as provider;</u>
	<u>dealing in investments as agent;</u>
	<u>arranging (bringing about) deals in investments;</u>
	<u>making arrangements with a view to transactions in investments;</u>
	<u>managing investments;</u>
	<u>safeguarding and administering investments;</u>
	<u>sending dematerialised instructions;</u>
	<u>causing dematerialised instructions to be sent;</u>
	<u>advising on investments;</u>
	<u>agreeing to carry on a regulated activity which is within any of the above.</u>
<b><u>Tariff base</u></b>	<u>Annual eligible income where annual income is equal to the net amount retained by the firm of all income due to the firm in respect of or in relation to activities falling within class 7.</u>

Notes on annual eligible income for class 7: For the purposes of calculating annual income, “net amount retained” means all the commission (where



relevant), fees, etc. in respect of activities falling within *class 7* that the *firm* has not rebated to *customers* or passed on to other *firms* (for example, where there is a commission chain). Items such as general business expenses (for example, employees' salaries and overheads) must not be deducted.

## Annex H

### Amendments to the Conduct of Business sourcebook (COBS)

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

#### 4 Communicating with clients, including financial promotions

##### 4.1 Application

Who? What?

4.1.1 R This chapter applies to a *firm*:

...

(2) *communicating or approving a financial promotion other than:*

...

(d) *a financial promotion in relation to a credit agreement, a consumer hire agreement or a credit-related regulated activity;*  
or

(e) *a financial promotion in relation to a funeral plan contract or a regulated funeral plan activity.*

...

...

## Annex I

### Amendments to the Product Intervention and Product Governance sourcebook (PROD)

After PROD 1.6 (Application of PROD 6) insert the following new section: PROD 1.7. The text is not underlined.

#### 1 Product Intervention and Product Governance Sourcebook (PROD)

...

#### 1.7 Application of PROD 7

Application of PROD 7

1.7.1 R (1) *PROD 7* applies to:

(a) a *funeral plan provider*; and

(b) a *funeral plan intermediary*,

with respect to:

(c) *manufacturing funeral plan products*; and

(d) *distributing funeral plan products*.

1.7.2 R A *Gibraltar-based firm* must also comply with the provisions in *PROD 7* (Product governance: funeral plans).

Manufacturing a funeral plan product

1.7.3 G The *Glossary* term ‘manufacture’ includes ‘designing, developing, creating and/or entering into or carrying out a *funeral plan contract* as provider’ which cover activities prior to the *funeral plan product* being approved for marketing and *distribution*, and on a continuing basis after such approval.

1.7.4 R (1) For the purposes of *PROD 7*, a *funeral plan intermediary* is a *manufacturer* of a *funeral plan product* where an overall analysis of their activity shows that they have a decision-making role in designing and developing a *funeral plan contract* for the market.

(2) A decision-making role will be assumed, in particular, where a *funeral plan intermediary* autonomously determines the essential features and main elements of a *funeral plan contract*, including any of its price, costs, target market or guarantee rights, which are not substantially modified by the *funeral plan provider*.

(3) Personalisation of and adaptation of existing *funeral plan products* in the context of *funeral plan distributions* for individual *customers*, as well as

the design of tailor-made contracts at the request of a single *customer*, are not manufacturing.

#### Territorial scope

- 1.7.5 R *PROD 7* applies to a *firm* with respect to activities carried on by it, or its *appointed representative*, in relation to:
- (1) a *funeral plan product*; and
  - (2) a *subsisting funeral plan*.

#### Interaction of PROD 7 and the RPPD Guide

- 1.7.6 G The *RPPD* Guide does not apply to a *firm* to which *PROD 7* applies for matters covered by, and where the *firm* has complied with, *PROD 7*.

After PROD 6 (Product governance: additional provisions for pathway investments) insert the following new chapter: PROD 7. The text is not underlined.

## **7 Product governance: funeral plans**

### **7.1 General**

#### Other requirements

- 7.1.1 G This chapter does not affect the application of other requirements in the *FCA Handbook* applying to *funeral plan providers* or *firms* in relation to *funeral plan distributions*, including but not limited to:
- (1) Identification and management of conflicts of interest (*SYSC 10.1* (Conflicts of interest));
  - (2) Funeral plan remuneration incentives (*SYSC 19F.3* (Funeral plan remuneration incentives));
  - (3) Structure arrangements (*FPCOB 3* (Structure provisions-arrangements underpinning a funeral plan contract));
  - (4) Disclosure (*FPCOB 6* (Information about the firm and its services) and *FPCOB 9* (Product information));
  - (5) Remuneration (*FPCOB 6.4* (Charging for funeral plan distribution) and *FPCOB 6.5* (Payments to funeral plan intermediaries)).

### **7.2 Manufacture of funeral plans**

Product governance arrangements: product approval

- 7.2.1 R A *manufacturer* must maintain, operate and review a process for the approval of:
- (1) a *funeral plan product*; and
  - (2) any significant adaptation of an existing *funeral plan product*,
- in each case before it is marketed or distributed to *customers*.
- 7.2.2 G (1) *PROD 7.2.1R(1)* includes any *funeral plan product* whether a new product *manufactured* on or after 29 July 2022 or any *existing funeral plan product*. In relation to an *existing funeral plan product*, references in *PROD 7.2* and *7.3* to ‘marketing’ or ‘distributing’ includes reference to any future activity regardless of whether the product has previously been made available for marketing or distribution.
- (2) For the purposes of *PROD 7.2.2R(2)*:
- (a) whether a proposed change to the product would be a ‘significant adaptation’ should include consideration of the potential impact that the adaptation may have on an existing or potential *customer* (when compared to the unadapted version of the product);
  - (b) a ‘significant adaptation’ in relation to a *funeral plan product* may include, but is not restricted to, a proposed change to the undertaking to provide funeral arrangements, services added or removed, level of monetary benefits (other than adjustments for inflation or other cost variations) costs, and any other significant change to the terms and conditions.

Product governance arrangements: identifying the necessary approval process

- 7.2.3 R The product approval process in *PROD 7.2.1R* must be proportionate and appropriate to the nature of the *funeral plan product*.
- 7.2.4 G A *manufacturer* should take into account the following when considering whether the product approval process is proportionate and appropriate:
- (1) the complexity of the *funeral plan product*;
  - (2) the degree to which publicly available information can be obtained;
  - (3) the nature of the *funeral plan product* and the risk of consumer detriment related to it;
  - (4) the characteristics of the target market;
  - (5) the scale and complexity of the relevant business of the *manufacturer* or *distributor*;

- (6) the potential risk, and possible levels, of harm to *customers* if the product design is flawed, in particular, due to the potential scale of harm if the product is intended for a wide target market;
- (7) the nature of the cover that the product is intended to provide;
- (8) whether the distribution arrangements could mean *customers* are at a greater risk of not receiving fair value from the product;
- (9) any particularly notable features of, or relating to, existing products (including how it has been distributed); and
- (10) the nature and complexity of the *firm's* existing or intended *customer* base, for example whether it includes or is likely to include:
  - (a) different types of *customers* with varying characteristics including in relation to their understanding of financial matters; and
  - (b) a significant number of vulnerable *customers*.

Product approval process: outcomes, measures and procedures

- 7.2.5 R A *manufacturer* must have a product approval process that:
- (1) ensures the design of a *funeral plan product*:
    - (a) identifies how funeral arrangements will be provided;
    - (b) delivers fair value;
    - (c) takes into account the intended *customers* including their objectives, interests, needs and characteristics;
    - (d) does not adversely affect *customers*; and
    - (e) is driven by features that benefit the *customer* and not by a business model which relies on poor *customer* outcomes to be profitable;
  - (2) prevents or mitigates *customer* detriment; and
  - (3) supports a proper management of conflicts of interest.
- 7.2.6 R The product approval process must contain appropriate measures and procedures for:
- (1) the design, distribution, monitoring and review of a *funeral plan product*;
  - (2) identifying whether the product is, or remains, appropriate to be marketed or distributed to *customers*; and

- (3) taking corrective and/or mitigating action for *funeral plan products* where actual or potential *customer* detriment is identified.

Product approval process: written policy and record keeping

- 7.2.7 R A *manufacturer* must set out the product approval process in a written document (“product oversight and governance policy”), which is made available to the relevant staff.
- 7.2.8 R A *manufacturer* must make and retain a record of any relevant actions taken in relation to the product approval process. The record must be made available to the *FCA* upon request.

Product approval process: governing body responsibility

- 7.2.9 R A *manufacturer’s governing body* must:
- (1) endorse and be responsible for establishing, implementing and reviewing the product approval process; and
  - (2) verify internal compliance with that process on an ongoing basis.

Product approval process: staff competence

- 7.2.10 R A *manufacturer* must ensure that any of its staff involved in the *manufacture* of a *funeral plan product* has the necessary skills, knowledge and expertise to properly carry out this role and, in particular, to understand the *funeral plan product* and the interests, objectives and characteristics of the *customers* belonging to the target market. (Also see *SYSC 5.1.1R* (competent employee rule)).
- 7.2.11 R Where a *manufacturer* uses a third party to undertake any part of the *manufacture* of the *funeral plan product* on its behalf, the *manufacturer* remains fully responsible for compliance with the product approval process.

Product approval process: review of process

- 7.2.12 R
- (1) A *manufacturer* must regularly review its product approval process to ensure that the process is still appropriate and up to date.
  - (2) Where the process is identified to no longer be appropriate, the *manufacturer* must:
    - (a) amend the product approval process;
    - (b) review any product approved since the approval process was last deemed to be appropriate to:
      - (i) ensure these products were correctly approved for marketing and/or distribution; and

- (ii) take all necessary steps for the mitigation and remediation of any actual or potential harm to *customers*.

Product approval process: manufacture by more than one manufacturer

- 7.2.13 R (1) Where two or more *firms* collaborate to *manufacture a funeral plan product*, the *firms* must outline their mutual responsibilities in a signed written agreement.
- (2) The written agreement in (1) must specify:
- (a) their respective roles in the product approval process; and
  - (b) how they will collaborate to comply with the requirements in *PROD 7.2 (Manufacture of funeral plans)*, including the procedures through which they will agree on the identification of the target market.

Product approval process: fair value

- 7.2.14 R A *manufacturer* must only approve a *funeral plan product* where it provides fair value to *customers* in the target market.

- 7.2.15 R (1) A *manufacturer* must:
- (a) be able to clearly demonstrate how any *funeral plan product* provides fair value; and
  - (b) make and retain a record of the value assessment required by *PROD 7.2.14R*.
- (2) Where a *manufacturer* is unable to both:
- (a) identify; and
  - (b) clearly demonstrate,
- that the *funeral plan product* will provide fair value, the *manufacturer* must not:
- (c) market the *funeral plan product*; or
  - (d) permit the *funeral plan product* to be *distributed* (whether directly or through another *person*),
- unless the *manufacturer* has ensured appropriate changes have been made so that fair value will be provided.

Product approval process: meaning of value



- 7.2.16 R In *PROD 7* “value” means the relationship between the total price to the *customer* and the quality of the product(s) and/or services provided. The assessment of value must include consideration of at least the following:
- (1) the nature of the product, including the benefits that will be provided, their quality, and any limitations (for example, in the scope of the funeral arrangements or other features);
  - (2) the type and quality of services provided to *customers*;
  - (3) the expected total price to be paid by the *customer* when buying the *funeral plan product*, and the elements that make up the total price. This will need to include consideration of at least the following:
    - (a) the overall cost to the *manufacturer* of the *funeral plan product* of:
      - (i) operating the product, including the costs of the trust or *premiums* paid towards an *insurance policy* to meet the requirements in *FPCOB 3* (Structure provisions - arrangements underpinning a funeral plan contract); and
      - (ii) the delivery of funeral benefits under it; and
    - (b) the individual elements of the expected total price to be paid by the *customer* including, but not limited to:
      - (i) the *funeral plan product*;
      - (ii) the costs of the distribution arrangements, including the remuneration of any relevant *person* in the distribution arrangements, and including where a *manufacturer* delegates the final decision on setting the price to another *person*; and
  - (4) how the intended distribution arrangements support, and will not adversely affect, the intended value of the product.

- 7.2.17 R A *manufacturer* must not rely on individual *customers* to consider whether they are making fair value purchases in place of any part of the *manufacturer’s* own assessment.

Product approval process: compliance with fair value requirement

- 7.2.18 G The following *evidential provision* provides examples of arrangements that the *FCA* considers will breach *PROD 7.2.14R*.

- 7.2.19 E (1) A *manufacturer* should not have a *funeral plan product* where:

- (a) the difference between the cost of delivering the *funeral plan contract* obligations to the *manufacturer* and the total price paid by the *customer* bears no reasonable relationship to:
    - (i) the actual costs incurred by the *manufacturer* or any other *person* involved in the distribution arrangements;
    - (ii) the quality of any benefits (including of the *funeral plan product*); or
  - (b) any difference between the cost of the funeral arrangements under the *funeral plan product* and the cost of the equivalent funeral arrangements purchased without a *funeral plan contract* does not have an objective and reasonable basis.
- (2) Contravention of any of (1) may be relied on as tending to establish contravention of *PROD 7.2.14R*.

Product approval process: information to be used when assessing a product for approval

- 7.2.20 R When assessing whether a product should be approved for the purposes of *PROD 7.2.1R*, a *manufacturer* must use the full range of data and information available to it including, but not limited to:
- (1) information available to the *manufacturer* internally including:
    - (a) *customer* research;
    - (b) the performance of the *funeral plan product* or other *funeral plan products* of the *manufacturer*, including for example:
      - (i) how the estimated costs of funerals compare to actual costs;
      - (ii) number of *customers* cancelling the *funeral plan contracts*;
      - (iii) number of missed instalment plan payments by the *customer*; and
      - (iv) number of *funeral plan contracts* expected to be claimed but have not been redeemed;
    - (c) complaints data (including root cause analysis and handling times), both expected for the product itself and/or any actual information from a comparable product;
  - (2) public information or information obtainable by the *manufacturer* from external sources, including analysis of similar *funeral plan products* available from other *firms*; and

- (3) information available to the *manufacturer* specifically from *persons* in the distribution arrangements or external funeral provider, including:
  - (a) any remuneration and its impact on the value of the product;
  - (b) levels or quality of service provided by any *person* in the distribution arrangements;
  - (c) any results of monitoring and oversight of the processes of any *persons* in the distribution arrangement (for example, call monitoring or file checks), including in relation to other products that *person distributes*; and
  - (d) the wholesale and retail prices of a funeral not paid for using a *funeral plan contract* (whether paid for in advance or after the death of a *person*).

Product approval process: product backing arrangements

- 7.2.21 R A *manufacturer* must only approve a *funeral plan product* where it has established adequate processes and procedures to ensure:
- (1) any *funeral plan contracts* entered into using that product will have the necessary and robust trust or *insurance* arrangements required to comply with *FPCOB 3* (Structure provisions – arrangements underpinning a funeral plan contract); and
  - (2) at a product level, there is sufficient oversight and management of those trust or *insurance* arrangements to mitigate the risk of *customer* harm.

Product approval process: identifying the target market

- 7.2.22 R A *manufacturer* must ensure that for each *funeral plan product* the product approval process:
- (1) specifies an identified target market;
  - (2) assesses all relevant risks to the identified target market;
  - (3) identifies that a *funeral plan product* offers fair value to the specified target market, taking into account in particular their needs, objectives, interests and characteristics;
  - (4) permits only the approval of *funeral plan products* that are compatible with the needs, characteristics and objectives of the *customers* belonging to the target market;
  - (5) verifies that the intended distribution strategy is consistent with the identified target market; and

- (6) requires reasonable steps are taken to ensure that the *funeral plan product* is distributed to the identified target market.
- 7.2.23 R A *manufacturer* must identify the target market at a sufficiently granular level, taking into account the characteristics, risk profile, complexity and nature of the *funeral plan product*.
- 7.2.24 R A *manufacturer* must identify groups of *customers* for whose needs, characteristics and objectives the *funeral plan product* is generally not compatible.
- 7.2.25 R When assessing whether a *funeral plan product* is compatible with a target market, a *manufacturer* must take into account:
- (1) the level of information available to the *customers* belonging to that target market and their financial literacy; and
  - (2) vulnerable *customers*.
- 7.2.26 G
- (1) The identification of the target market should describe a group of *customers* sharing common characteristics at an abstract and generalised level in order to enable the *manufacturer* to adapt the features of the product to the needs, characteristics and objectives of that group of *customers*.
  - (2) The identification of the target market should be distinguished from the individual assessment at the point of sale to determine whether a product meets the demands and needs of the individual *customer*.
- Product approval process: product testing
- 7.2.27 R
- (1) A *manufacturer* must test a *funeral plan product* appropriately, including scenario analyses, in a qualitative manner and quantitative manner.
  - (2) The product testing in (1) must assess whether the *funeral plan product* over its lifetime meets the identified needs, objectives and characteristics of the target market.
  - (3) The requirement in (1) must be carried out:
    - (a) before approving the product for marketing or distribution;
    - (b) when the product is being significantly adapted; and
    - (c) where the target market has significantly changed.
- 7.2.28 R A *manufacturer* must not bring a *funeral plan product* to the market if the results of the product testing show that the product does not provide fair value including where it would not meet the identified needs, objectives and characteristics of the target market.

Distribution channels: selecting channels

- 7.2.29 R A *manufacturer* must carefully select distribution arrangements, including specific distribution channels that are appropriate for the target market, taking into account the particular characteristics of the relevant *funeral plan product*.
- 7.2.30 R (1) When selecting any distribution arrangements, including any particular distribution channel, a *manufacturer* must be able to demonstrate clearly that these arrangements:
- (a) result in fair value to the *customer*;
  - (b) are consistent with the requirements in *FPCOB* 6.4 (charging for funeral plan distribution); and
  - (c) prevent or mitigate the risk of *customer* detriment arising from the distribution of the product, for example by verifying that any proposed distributor has the necessary knowledge, expertise and competence; and
  - (d) do not pose a significant risk of a distribution channel failing to meet the requirements in *FPCOB*.
- (2) A *manufacturer* must not use a distribution channel unless it is able to demonstrate the requirements in (1) are met.
- 7.2.31 G *Manufacturers* should only select *distributors* that have the necessary knowledge, expertise and competence to understand the features of a *funeral plan product* and the identified target market.
- 7.2.32 R Whenever making a change to the distribution arrangements, including adding a further distribution channel, a *manufacturer* must:
- (1) obtain all necessary information from the *distributor* or any other *person* who will be involved with the distribution arrangement, including that set out in *PROD* 7.2.35R; and
  - (2) identify whether the proposed change to the distribution arrangements is consistent with the fair value requirement in *PROD* 7.2.14R.

Distribution channels: information disclosure to distributors

- 7.2.33 R (1) A *manufacturer* must make available to a *distributor* all appropriate information on the:
- (a) *funeral plan product*, including to enable the *distributor* to understand the intended value established by the *manufacturer*;
  - (b) product approval process;

- (c) identified target market of the *funeral plan product*, including any type of *customer* for whom the *funeral plan product* is unlikely to provide fair value; and
      - (d) suggested distribution strategy.
    - (2) The information in (1) must:
      - (a) include information on the main features and characteristics of the *funeral plan products*, their risks and costs, including implicit costs, and any circumstances which might cause a conflict of interest to the detriment of the *customer*;
      - (b) be clear, complete and up to date.
- 7.2.34 R (1) The information a *manufacturer* has to make available to any *distributor* under *PROD* 7.2.33R(1) must be of an adequate standard to enable *distributors* to:
- (a) understand the *funeral plan products*;
  - (b) comprehend the identified target market for the *funeral plan products*;
  - (c) identify any *customers* for whom the *funeral plan products* are not compatible with their needs, characteristics and objectives; and
  - (d) carry out distribution activities for the relevant funeral plans in accordance with the *best interests of their customers* as prescribed in *FPCOB* 2.1.2R.
- (2) A *manufacturer* is not required to disclose specific information objectively considered to be commercially sensitive if the information it does make available would still allow *distributors* to meet *PROD* 7.2.35R(1)(a) and (b).

Distribution channels: obtaining information from distributors

- 7.2.35 R A *manufacturer* must obtain from any *person* in the distribution arrangements all necessary and relevant information to enable it to identify the remuneration associated with the distribution arrangements to allow it to assess the ongoing value of the product, including at least:
- (1) the type and amount of remuneration of each *person* in the distribution arrangement where this is part of the *funeral plan contract price* or otherwise paid directly by the *customer*, including in relation to *additional products*;
  - (2) an explanation of the services provided by each *person* in the distribution arrangements; and

- (3) confirmation from any *firm* in the distribution arrangements that any remuneration is consistent with their regulatory obligations, including SYSC 19F.3 (Funeral plan remuneration incentives).
- 7.2.36 G (1) Where the *manufacturer* is considering the effects of the distribution arrangements on value, it should consider whether the additional costs of any individual party in the arrangements that add to the total price paid by the *customer* deliver any, or a proportional, additional benefit. If not, a *manufacturer* should consider how it can be satisfied that the arrangements are consistent with its obligations to be able to clearly demonstrate fair value to the *customer*.
- (2) A benefit that could be consistent with fair value might include where the party's inclusion in the distribution arrangements increases access to the product for *customers* in the target market in a way that is proportionate to the additional cost involved.

#### Monitoring and review of funeral plan products

- 7.2.37 R A *manufacturer* must regularly review the *funeral plan products* it offers or markets taking into account any event that could materially affect the potential risk to the identified target market, the main features or the guarantees of the *funeral plan product*. In doing so, the *manufacturer* must assess at least the following:
- (1) whether the *funeral plan product* remains consistent with:
    - (a) the identified target market, including their interests, needs, characteristics and objectives;
    - (b) the fair value assessment required under *PROD 7.2.14R*; and
  - (2) whether the intended distribution strategy remains appropriate, including whether those products are being distributed to the target market or are reaching *customers* outside the target market.
- 7.2.38 R A *manufacturer* must ensure that the review process:
- (1) has the necessary measures to be able to identify if the *funeral plan product* is not providing fair value; and
  - (2) provides that appropriate actions be taken:
    - (a) for the mitigation and any potential remediation of the harm to existing *customers*; and
    - (b) to prevent harm to new *customers*.

#### Monitoring and review of funeral plan products: minimum review period

- 7.2.39 R A *manufacturer* must undertake the regular review:

- (1) every 12 *months*; or
- (2) more frequently where the potential risk associated with the *funeral plan product* makes it appropriate to do so.

7.2.40 R When determining the appropriate interval for review of a *funeral plan product*, a *manufacturer* must take into account:

- (1) the nature of the *customer* base, including whether there are significant numbers of vulnerable *customers*;
- (2) any specific indicators seen in the *manufacturer's* assessment of the product's value to the *customer*;
- (3) the nature and type of distribution arrangements being used;
- (4) any indicators of *customer* harm potentially emerging from the performance of the product (for example, through redemptions of *funeral plan contracts*, missed instalment plan payments by the *customer*, and/or the number of *funeral plan contracts* expected to be redeemed but have not been redeemed and complaints data); and
- (5) any relevant external factors, such as changes to the applicable legal rules, technological developments, or changes to the market situation.

Product monitoring and review: monitoring through lifetime of the plan

- 7.2.41 R
- (1) A *manufacturer* must identify during the lifetime of a *funeral plan product* any circumstances related to the *funeral plan product* that may adversely affect a *customer* of that product.
  - (2) Where a *manufacturer* identifies an event that may adversely affect a *customer* of the product, the *manufacturer* must:
    - (a) take appropriate action to mitigate the situation and prevent further occurrences of the detrimental event; and
    - (b) promptly inform concerned *distributors* and *customers* about the remedial action taken.

Product monitoring and review: monitoring distribution arrangements

- 7.2.42 R
- (1) A *manufacturer* must take appropriate steps to monitor:
    - (a) that a *funeral plan product distributor* acts in accordance with the objectives of the *manufacturer's* product approval process; and
    - (b) any impact which the distribution arrangements are having on the value including whether the distribution channels remain appropriate.



- (2) *A manufacturer* must verify on a regular basis whether the *funeral plans products* are distributed on the identified target market.
- (3) The monitoring activities must be reasonable, taking into consideration the characteristics and the legal framework of the respective distribution channels.

7.2.43 G *PROD 7.2* does not require the *manufacturer* to monitor a *distributor's* compliance with general regulatory requirements when carrying out *funeral plan distributions* for individual *customers*.

7.2.44 R *A manufacturer* must:

- (1) ensure that it has sufficient, good quality management information; and
- (2) use the full range of data and information available to it (whether it holds this information already, the information is publicly available, or it is able to obtain it from another *person*),

to enable it to properly understand and monitor the *funeral plan product*.

7.2.45 G *A manufacturer* should identify whether there is a risk to its continuing to provide fair value where there is a material change in the relationship between the price to the *customer* and the actual costs to the *manufacturer* or another party involved in the ongoing service/distribution of the product.

Product monitoring and review: considering changes to funeral plan products

7.2.46 R For the purposes of showing that the requirement in *PROD 7.2.1R* is met, where a *manufacturer* makes a change to a *funeral plan product*, it must make and retain a record of:

- (1) the assessment of whether that change would amount to a significant adaptation of the *funeral plan product*; and
- (2) where the assessment in (1) is that the change would not be a significant adaptation, the reasons for that decision.

Product monitoring and review: remedial and mitigating action

7.2.47 R *Manufacturers* considering that the distribution of their *funeral plan products* is not in accordance with the objectives of their product approval process must take appropriate remedial action including but not limited to:

- (1) amending the distribution arrangements, including ceasing to use certain *distributors* or distribution channels;
- (2) amending remuneration structures;

- (3) withdrawing the *funeral plan product* from continued marketing or distribution; or
- (4) paying redress as appropriate.

### 7.3 Distribution of funeral plans

Distribution arrangements: general requirements

7.3.1 R A *distributor* must have in place product distribution arrangements containing appropriate measures and procedures to:

- (1) aim to prevent and mitigate *customer* detriment;
- (2) be consistent with the aim of providing fair value to the *customer*;
- (3) support a proper management of conflicts of interest; and
- (4) ensure that the objectives, interests and characteristics of *customers* are duly taken into account.

Distribution arrangements: obtaining and understanding information

7.3.2 R (1) A *distributor* must ensure the product distribution arrangements contain effective measures and procedures to:

- (a) obtain from the *manufacturer* all appropriate information sufficient, adequate and reliable about the *funeral plan products* they intend to offer to their *customers* to ensure that they will be distributed in accordance with the characteristics, objectives and needs of the target market; and
  - (b) fully comprehend those *funeral plan products*, taking into account the level of complexity and the risks related to the products as well as the nature, scale and complexity of the relevant business of the *distributor*.
- (2) The information in (1) must be sufficient to understand:
- (a) the characteristics of each *funeral plan product*;
  - (b) the outcome of the value assessment required by *PROD* 7.2.14R, including:
    - (i) the value that the *funeral plan product* is intended to provide to the *customer*; and
    - (ii) the impact that the distribution arrangements (including any remuneration it, or another *person* in the distribution chain to which it belongs, receives)

has on the overall value of the *funeral plan product* to the *customer*; and

- (c) the identified target market of each *funeral plan product*, including any identified group of *customers* for whom the *funeral plan product* is not expected to provide fair value.

7.3.3 R For the purposes of *PROD 7.3.2R*, a *distributor* must consider at least the following:

- (1) the benefits the product is intended to provide to the *customer*;
- (2) the characteristics, objectives, interests and needs of the target market;
- (3) the interaction between the price paid by the *customer* and the extent and quality of any services the *distributor* (or any *person* connected to it) provides; and
- (4) whether any remuneration it receives in relation to the *funeral plan product* would result in the product ceasing to provide fair value to the *customer*.

Distribution arrangements: events indicating contravention of fair value

7.3.4 G The following *evidential provision* provides examples of what the *FCA* considers will breach *PROD 7.3.1R*.

7.3.5 E (1) A *firm's* distribution arrangements, including any distribution strategy it sets up, should not result in:

- (a) the *firm* receiving a level of remuneration which does not bear a reasonable relationship to the *firm's* actual costs, or their contribution, level of involvement or the benefit added by them, to the arrangements for the distribution of the product, including where the *firm* provides little or no benefit beyond that which the *customer* would receive if they obtained the *funeral plan product* through another distribution channel;
- (b) the *firm* having remuneration arrangements which give an incentive to propose or recommend a *funeral plan product* which either does not meet the *customer's* needs (or not as well as another product would) or is not in accordance with the *customer's best interests rule*; and
- (c) the level of any remuneration (for which the *firm* is responsible for setting) not being reasonably reflective of the costs actually incurred.

- (2) Contravention of any of (1) may be relied upon as tending to establish contravention of *PROD 7.3.1R*.

Distribution arrangements: disclosing information to manufacturers

- 7.3.6 R A *distributor* must, upon request, provide *manufacturers* with:
- (1) information on the *distributor's* remuneration in connection with the distribution of the *funeral plan product*;
  - (2) information on any additional product or service that the *distributor* provides to the *customer*, which may affect the *manufacturer's* intended value of the product;
  - (3) relevant sales information, including, where appropriate, information on the regular reviews of the product distribution arrangements; and
  - (4) confirmation that the distribution arrangements are consistent with the obligations of the *firm* under the *FCA Handbook*, including in particular in SYSC 10.1 (Conflicts of interest) and SYSC 19F.3 (Funeral plan remuneration incentives).

Distribution arrangements: record keeping

- 7.3.7 R A *distributor* must set out the product distribution arrangements in a written document and make it available to their relevant staff.
- 7.3.8 R A *distributor* must ensure that all relevant actions taken by it or any other party in relation to their product distribution arrangements are:
- (1) duly documented;
  - (2) kept for audit purposes; and
  - (3) made available to the *FCA* upon request.

Distribution arrangements: senior management responsibility

- 7.3.9 R A *distributor's governing body* must:
- (1) endorse and be ultimately responsible for establishing, implementing and reviewing the product distribution arrangements; and
  - (2) verify internal compliance with those arrangements on an ongoing basis.

Distribution arrangements: consistency with target market

- 7.3.10 R A *distributor* must ensure that any specific distribution strategy that it sets up or applies is consistent with:
- (1) the distribution arrangements set up by the *manufacturer*; and

- (2) the target market identified in *PROD 7.2* (Manufacture of funeral plans), including any *customers* to whom the product should not be distributed.

Distribution arrangements: review of distribution arrangements

- 7.3.11 R (1) A *distributor* must regularly review, at least every 12 *months*, its product distribution arrangements to ensure that those arrangements are still valid and up to date.
- (2) When determining the appropriate intervals for the regular review of their product distribution arrangements, a *distributor* must take into account the size, scale and complexity of the *funeral plan product* involved.
- 7.3.12 R When reviewing the product distribution arrangements, a *distributor* must verify that the *funeral plan products* are distributed to the identified target market.

Distribution arrangements: amending distribution arrangements after review

- 7.3.13 R A *distributor* must amend the product distribution arrangements, where appropriate, in view of the outcome of the review of the product distribution arrangements.
- 7.3.14 R When a *distributor* becomes aware:
- (1) that a *funeral plan product* is not in line with the interests, objectives and characteristics of its identified target market; or
  - (2) of other product-related circumstances that may adversely affect the *customer*,
- it must promptly:
- (3) inform the *manufacturer*; and
  - (4) where appropriate, amend the distribution arrangements for that *funeral plan product*.
- 7.3.15 R (1) A *distributor* must take appropriate remedial and mitigating action, including to amend its product distribution arrangements, where it identifies:
- (a) a product is not providing fair value for *customers*;
  - (b) any aspects of a product that may mean it does not offer fair value; or

- (c) the distribution arrangements, including remuneration structures, may mean the *customer* is not being provided with fair value.
  - (2) The actions which the *distributor* takes for (1) must:
    - (a) aim to mitigate the situation and prevent further occurrences of any possible harm to *customers*, including, where appropriate, amending the distribution strategy for that product; and
    - (b) include informing any relevant *manufacturers* promptly about any concerns they have and any action the *distributor* is taking.
- 7.3.16 G For the purposes of *PROD* 7.3.15R, the steps a *distributor* may need to take include (but are not limited to):
- (1) amending its remuneration structures;
  - (2) amending the distribution arrangements;
  - (3) improving the quality of, or ceasing, any service or benefits it provides;
  - (4) where the failure to provide fair value is due to the costs or quality of additional products, renegotiating the terms of the current arrangements relating to the additional products, or selecting alternative providers or *distributors* of them, in order to provide for a fair outcome;
  - (5) ceasing to distribute certain products, or ceasing to use certain distribution channels;
  - (6) contacting existing *customers* to inform them of the issues and of the measures being taken to rectify them; and
  - (7) providing redress to *customers*.

## 7.4 Product governance requirements for subsisting funeral plans

### Product governance arrangements

- 7.4.1 R This section applies to a *funeral plan provider* in relation to a *subsisting funeral plan*.
- 7.4.2 R A *funeral plan provider* must ensure that, in relation to its *subsisting funeral plans*, there are adequate product governance arrangements in place, containing appropriate measures and procedures, to ensure a *subsisting funeral plan* is carried out in way that complies with the *firm's* regulatory obligations under the *FCA Handbook*.

Monitoring and review of funeral plan products

- 7.4.3 R A *firm* must:
- (1) regularly review its *subsisting funeral plans*, taking into account any event that could cause material harm to the *customers*; and
  - (2) ensure the review process in (1), provides that appropriate actions be taken for the mitigation and any potential remediation of the harm to existing *customers*.

Monitoring and review of funeral plan products: minimum review period

- 7.4.4 R (1) A *firm* must undertake the regular review at least every 12 *months*.
- (2) When determining the appropriate interval for review of a *funeral plan product*, a *firm* must take into account:
- (a) the nature of the *customer* base, including whether there are significant numbers of vulnerable *customers*;
  - (b) any indicators of *customer* harm potentially emerging from the performance of the product; and
  - (c) any relevant external factors such as changes to the applicable legal rules, technological developments, or changes to the market situation.

Product monitoring and review: remedial and mitigating action

- 7.4.5 R (1) A *firm* must identify during the lifetime of a *subsisting funeral plan* any circumstances related to it that may adversely affect a *customer*.
- (2) Where a *firm* identifies an event that may adversely affect a *customer* holding the *funeral plan contract*, the *firm* must:
- (a) take appropriate action to mitigate the situation and prevent further occurrences of the detrimental event; and
  - (b) promptly inform concerned *customers* about the remedial action taken.

Insert the following new Transitional Provision, PROD TP 2 (Transitional provisions for Funeral Plan Products), after PROD TP 1 (Transitional provisions). The text is not underlined.

**TP 2 Transitional Provisions for Funeral Plan Products**

(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
2.1	<i>Rules in PROD 7.2 in relation to an existing funeral plan product</i>	R	<p>Where an <i>existing funeral plan product</i>:</p> <p>(1) has, before 29 July 2022, been available for marketing and distribution; and</p> <p>(2) remains available for distribution,</p> <p>a <i>manufacturer</i> must ensure that the requirements in <i>PROD 7.2</i> have been met and that it remains appropriate for that product to continue to be marketed and distributed from 29 July 2022.</p>	From 29 July 2022	29 July 2022
2.2	<i>PROD 7.2 and PROD TP 2.1</i>	G	<p>The effect of <i>PROD TP 2.1</i> and the requirements in <i>PROD 7.2</i> is that where the <i>manufacturer</i> is unable to demonstrate it has satisfied these requirements, then the <i>manufacturer</i> will need to:</p> <p>(1) cease any distribution of the product, whether directly or through another person, immediately; and/or</p> <p>(2) take any necessary steps to ensure the product meets the requirements in <i>PROD 7.2</i>, including that it offers fair value before marketing or distributing the</p>		



			product from 29 July 2022.		
2.3	<i>PROD 7.2</i>	G	When identifying the necessary product approval process and arrangements and whether the requirements in <i>PROD 7.2</i> are met, a <i>manufacturer</i> may take into account any previous product governance arrangements, including reviews which the <i>manufacturer</i> (or where there is more than one <i>manufacturer</i> , any other <i>manufacturer</i> ) has undertaken and the extent to which these would or would not have complied with <i>PROD</i> requirements.	From 29 July 2022	29 July 2022

## Annex J

### Amendments to the Supervision manual (SUP)

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

#### 10A FCA Approved Persons in Appointed Representatives

...

#### 10A.10 Customer-dealing functions

...

Customer function (CF 30)

10A.10.7 R The *customer function* is the function of:

- (1) *advising on investments* other than a *non-investment insurance contract* or a funeral plan (but not where this is *advising on investments* in the course of carrying on the activity of giving *basic advice on a stakeholder product*) and performing other functions related to this such as *dealing* and *arranging*

...

...

#### 10C FCA senior managers regime for approved persons in SMCR firms

...

#### 10C What functions apply to what type of firm

##### Annex 1

...

Part Seven: Functions applying to limited scope firms

7.1 R *Limited scope SMCR firms* are divided into the following categories for the purposes of SUP 10C Annex 1:

- (1) ...

...

- (2A) a firm falling within row (6) of the table in SYSC 23 Annex 1 6.4R (funeral plans);

...

...

7.3 R (1) The table in SUP 10C Annex 1 7.4R sets out which *FCA controlled functions* apply to a *limited scope SMCR firm* covered by SUP 10C Annex 1 7.1R(1), (2), (2A), (3), (4), (4A), (8) or (9).

...

7.4 R Table: Controlled functions applying to limited scope SMCR firms except sole traders and authorised professional firms

...

<b>Part 2 (Claims management and funeral plan firms)</b>				
<b>(1) Brief description of function</b>	<b>(2) Function number</b>	<b>(3) Class 1 claims management firms</b>	<b>(4) Other claims management firms</b>	<b>(5) Funeral plan firms</b>
Required functions				
<i>Compliance oversight function</i>	SMF 16	...	...	×
<i>Limited scope function</i>	SMF 29	...	...	✓

<b>Notes to the table</b>
<p>Note (1): The categories of <i>firm</i> in the column headings of this table are to be interpreted in accordance with the classification of <i>firms</i> at SUP 10C Annex 1 7.1R. Therefore:</p> <p>...</p> <p>(6) column three of Part 2 of the table (Class 1 claims management firms) refers to SUP 10C Annex 1 7.1R(8); <del>and</del></p> <p>(7) column four of Part 2 of the table (Other Claims management firms) refers to SUP 10C Annex 1 7.1R(9); <u>and</u></p> <p>(8) column five of Part 2 of the table (Funeral plan firms) refers to SUP 10C Annex 1 7.1R(2A).</p>

...

## 12 Appointed representatives

...

### 12.2 Introduction

...

Business for which an appointed representative is exempt

12.2.7 G (1) The *Appointed Representatives Regulations* are made by the Treasury under sections 39(1), (1C) and (1E) of the *Act*. These regulations describe, among other things, the business for which an *appointed representative* may be exempt or to which sections 20(1) and (1A) and 23(1A) of the *Act* may not apply, which is business which comprises any of:

(a) *dealing in investments as agent* (article 21 of the *Regulated Activities Order*) where the transaction relates to:

(i) a *pure protection contract* (but only where the contract is not a *long-term care insurance contract*) or *general insurance contract*; or

(ii) a *funeral plan contract*;

...

...

...

### 12.7 Notification requirements

...

Notification of appointed representatives undertaking regulated funeral plan activity

12.7.6A R (1) A firm must notify the FCA in good time before:

(a) it appoints an appointed representative to carry on regulated funeral plan activity for the first time; or

(b) the number of its appointed representatives appointed to carry on regulated funeral plan activity increases through a material threshold.

(2) A firm that has appointed one or more appointed representatives to carry on regulated funeral plan activity must notify the FCA in good

time before it appoints an *appointed representative* to carry on any other *regulated activity* for the first time.

12.7.6B G The purpose of SUP 12.7.6AR is to ensure that the FCA is notified when a *firm* diversifies its activities around *regulated funeral plan activities*. This may be because the *firm*:

- (1) *intends to appoint an appointed representative for the first time where the scope of business for which the firm will accept responsibility will include regulated funeral plan activity;*
- (2) *is the principal to one or more appointed representatives:*
  - (a) *and intends to expand the scope of business of one or more of those appointed representatives for which it accepts responsibility to include regulated funeral plan activity; or*
  - (b) *in relation to which it has accepted responsibility for regulated funeral plan activity only and it intends to expand the scope of business of those, or new, appointed representatives for which it accepts responsibility beyond such activity.*

12.7.6C R A *firm* must submit to the FCA within 80 *business days* of each calendar year end a list of those of its *appointed representatives* which:

- (1) *undertake regulated funeral plan activity; and*
- (2) *are the subject of a multiple principal agreement (for the purposes of SUP 12.4.5BR).*

12.7.6D G (1) *For the purposes of SUP 12.7.6AR(1)(b), an increase through a material threshold should be understood as referring to an increase in the number of appointed representatives undertaking regulated funeral plan activity:*

- (a) *from fewer than 25 to 25 or more;*
- (b) *from fewer than 50 to 50 or more;*
- (c) *from fewer than 75 to 75 or more;*
- (d) *from fewer than 100 to 100 or more;*
- (e) *from fewer than 200 to 200 or more;*
- (f) *from fewer than 500 to 500 or more.*

(2) *Any notification required by SUP 12.7.6AR or SUP 12.7.6CR is in addition to any notification required by any other rule in SUP 12 (including the requirement to notify the FCA of the intention to appoint individual appointed representatives in SUP 12.7.1R).*

- (3) A firm making a notification in accordance with SUP 12.7.6AR or SUP 12.7.6CR should consider the guidance in SUP 15.7 on the form and method of notification.

...

## 16 Reporting requirements

### 16.1 Application

...

- 16.1.3 R Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.16, SUP 16.17, SUP 16.22 and SUP 16.26)

(1) Section(s)	(2) Categories of firm to which section applies		(3) Applicable rules and guidance
...			
SUP 16.4 and SUP 16.5	All categories of <i>firm</i> except:		Entire sections
	...		
	(jc)	<u>a firm with permission to carry on only funeral plan distribution;</u>	
	(k)	a <i>firm</i> falling within a combination of (i), (ia), (j), (ja), <del>and</del> (jb) and (jc).	
...			
Note 1 [deleted]			
...			

...

### 16.12 Integrated Regulatory Reporting

...

#### Purpose

- 16.12.2 G (1) *Principle 4* requires firms to maintain adequate financial resources. The Interim Prudential sourcebooks, *BIPRU*, *GENPRU*, ~~and~~ *IFPRU*

and, for *firms* engaged in *regulated funeral plan activity*, *FPCOB* set out the *FCA*'s detailed capital adequacy requirements. By submitting regular data, *firms* enable the *FCA* to monitor their compliance with *Principle 4* and their prudential requirements.

...

Reporting requirement

16.12.3 R ...

(3) Paragraph (2) does not apply to:

...

(b) *firms* in *RAG 2* in relation to the reporting requirements for *RAG 2* activities (except the funeral plan provision activities); and

...

...

...

16.12.4 R Table of applicable rules containing *data items*, frequency and submission periods

(1)		(2)	(3)	(4)
<i>RAG</i> number	<i>Regulated activities</i>	Provisions containing:		
		applicable <i>data items</i>	reporting frequency/ period	due date
...				
<i>RAG 2.1</i>	<ul style="list-style-type: none"> <li>• effecting contracts of insurance</li> <li>• carrying out contracts of insurance</li> <li>• entering as provider into a funeral plan contract</li> <li>• <u>carrying out a funeral plan</u></li> </ul>	<u><i>RAG 2.1 firms</i> should complete their prudential reporting requirements as set out in the <i>PRA Rulebook</i> except <i>firms</i> carrying out <i>funeral plan provision activities</i> in relation to which <i>SUP 16.12.8AR</i> applies.</u>		

	<u>contract as provider</u>			
...				
RAG 9	<ul style="list-style-type: none"> <li>• <i>home finance mediation activity</i></li> <li>• <i>insurance distribution activity (non-investment insurance contracts)</i></li> <li>• <u><i>funeral plan distribution</i></u></li> </ul>	SUP 16.12.28AR	SUP 16.12.28AR	SUP 16.12.28AR
...				

...

Regulated Activity Group 2.1

16.12.8 R The applicable *data items*, reporting frequencies and submission deadlines referred to in SUP 16.12.4R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

<u>Description of <i>data item</i></u>	<u><i>Data item</i> (note 1)</u>	<u>Frequency</u>	<u>Submission deadline</u>
<u>Funeral plan conduct return</u>	<u>FP001</u>	<u>Quarterly (note 2)</u>	<u>15 business days after the quarter end</u>
<u>Funeral plan financials return: providers</u>	<u>FP003a</u>	<u>Half yearly (note 3)</u>	<u>80 business days after the half year end</u>
<u>Note 1</u>	<u>When submitting the completed <i>data item</i> required, a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 50AR. Guidance notes for the completion of the <i>data items</i> are set out in SUP 16 Annex 50AR.</u>		
<u>Note 2</u>	<u>Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not from</u>		



	<u>a firm's accounting reference date. Quarters end on 31 March, 30 June, 30 September and 31 December.</u>
<u>Note 3</u>	<u>Reporting frequencies and reporting periods for this data item are calculated on a calendar year basis and not from a firm's accounting reference date. The relevant half year periods end on 30 June and 31 December.</u>

...

Regulated Activity Group 9

...

16.12.2 R 8A The applicable *data items*, reporting frequencies and submission deadlines referred to in *SUP* 16.12.4R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of data item	Data item (note 1)	Frequency		Submission deadline
		Annual regulated business revenue up to an including £5 million	Annual regulated business revenue over £5 million	
<u>Home finance mediation activity and insurance distribution activity</u>				
Balance Sheet	Section A RMAR	Half yearly	Quarterly	30 business days
...				
Fees and levies	Section J RMAR	Annually	Annually	30 business days
<u>Funeral plan distribution activity</u>				
<u>Funeral plan financials return: distributors (note 4)]</u>	<u>FP003b</u>	<u>Half yearly (note 5)</u>		<u>80 business days</u>

...				
<u>Note 4</u>	<u>When submitting the completed <i>data item</i> required, a <i>firm</i> must use the format of the <i>data item</i> set out in SUP 16 Annex 50BG. Guidance notes for the completion of the <i>data item</i> are set out in SUP 16 Annex 50BG.</u>			
<u>Note 5</u>	<u>Reporting frequencies and reporting periods for this <i>data item</i> are calculated on a calendar year basis and not from a <i>firm's accounting reference date</i>. The relevant half year periods end on 30 June and 31 December.</u>			

...

#### Authorised professional firms

16.12.3 R (1) An *authorised professional firm*, other than one that must comply  
0 with *IPRU(INV)* 3, 5 or 13 in accordance with *IPRU(INV)* 2.1.4R, or one that is a *CASS debt management firm* or one that carries on only *credit-related regulated activity* as a *non-mainstream regulated activity*, must submit an annual questionnaire, contained in SUP 16 Annex 9R, unless:

(a) its only *regulated activities* are one or more of:

...

(v) *mortgage administration*; ~~or~~

(vi) *funeral plan distribution*; or

...

...

After SUP 16 Annex 49BG (Notes on completing the pricing information report form (REP 021)), insert the following new annexes SUP 16 Annex 50AR and SUP 16 Annex 50BG. The text is not underlined.

**16 Annex      R      Funeral Plan Providers - Quarterly Conduct Return (FPR001)**  
**50A**

**Funeral Plan Providers - Half-Yearly Prudential Return (FPR003a)**

**Funeral Plan Intermediaries - Half-Yearly Prudential Return (FPR003b)**

**FPR001 Funeral Plan Providers - Quarterly Conduct Return**

1 Do you wish to report a nil return?

A

**Flow Information**

*Aggregated sales for the last quarter of plans made with single payment or due to be paid in less than 12 months*

Plan Holder Age								Totals		Regulated Advice				Distribution	
<50	50-54	55-59	60-64	65-69	70-74	75-79	80+	Total Sales	Total Customer Payments (£) (including those due to be received)	Total Advised Sales (%)	Total Non-Advised Sales (%)	Total Sales (£) by Authorised Intermediaries	Total Sales (£) Direct by Provider	Total Sales (£) by Appointed Representatives where you as Provider are the Principal (i.e. Registered)	Total Sales (£) by Appointed Representatives where an Intermediary or other Third party is the Principal (i.e. Registered)
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P

2 Sales of trust backed plans  
3 Sales of insurance backed plans  
4 Total

Please provide the details of the top 5 firms of these sales (either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers)

Trust Backed Plans Distribution						
	Firm Name	FRN (if applicable)	No of Sales	Total Payments	Partnership with Firm (Yes/No)	Distribution Category
	A	B	C	D	E	F
1						
2						
3						
4						
5						

6 Please provide the details of the top 5 firms of these sales (either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers)

Insurance Backed Plans Distribution						
	Firm Name	FRN (if applicable)	No of Sales	Total Payments	Partnership with Firm (Yes/No)	Distribution Category
	A	B	C	D	E	F
1						
2						
3						
4						
5						

*Aggregated sales for the whole of last quarter of plans made with payment terms longer than 12 months*

Plan Holder Age								Totals		Term length				Regulated Advice		Distribution		Total Sales (£) by Appointed Representatives where an Intermediary or other Third party is the Principal (i.e. Registered)	
<50	50-54	55-59	60-64	65-69	70-74	75-79	80+	Total Sales	Total Customer Payments (£) (including those due to be received over the whole term)	Payments for >12 months to 5 years	Payments for >5 years to 10 years	Payments for >10 to 20 years	Payments for => 20 years	% Advised Total Sales	% Non-Advised	of which: sold by Authorised Intermediaries	of which: sold directly by Provider	Total Sales (£) by Appointed Representatives where you as Provider are the Principal (i.e. Registered)	Total Sales (£) by Appointed Representatives where an Intermediary or other Third party is the Principal (i.e. Registered)
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T

7 Sales of trust backed plans  
8 Sales of insurance backed plans  
9 Total

10 Please provide the details of the top 5 Intermediaries of these sales (either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers)

Trust Backed Plans Distribution						
	Firm Name	FRN (if applicable)	No of Sales	Total Payments	Partnership with Firm (Yes/No)	Distribution Category
	A	B	C	D	E	F
1						
2						
3						
4						
5						

11 Please provide the details of the top 5 Intermediaries of these sales (either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers)

Insurance Backed Plans Distribution						
	Firm Name	FRN (if applicable)	No of Sales	Total Payments	Partnership with Firm (Yes/No)	Distribution Category
	A	B	C	D	E	F
1						
2						
3						
4						
5						

**Fulfillment and Cancellation (in preceding quarter)**

**A**

12 Total number of funeral plans fulfilled

13 Number of plans claimed where not fully paid up

14 Number of claims declined

15 Number of cancellations by plan holders in cooling off period

16 Number of cancellations by plan holders outside cooling off period

17 Number of cancellations by yourselves as provider

**Fees and Charges (in preceding quarter)**

18 Total cancellation (£) fees paid per customer

Min	Median	Max
A	B	C

**A**

19 What was the total remuneration paid to the firm's employees selling plans?

20 What was the amount of variable remuneration paid to the firm's employees selling plans?

Min	Median	Max	Total
A	B	C	D

**A**

21 How many employees do you have selling plans?

22 What was the amount paid to non-employee sales agents i.e. commission (£)?

Min	Median	Max	Total
A	B	C	D

**A**

23 How many sales by non-employee sales agents does this cover?

24 Level of upfront admin charges/fees (£) (including those withdrawn from trusts)?

Min	Median	Max	Total
A	B	C	D

25 Level of any ongoing admin charges/fees (£) (including those withdrawn from trusts)?

Min	Median	Max	Total
A	B	C	D

## FPR003a Funeral Plan Providers - Half-Yearly Prudential Return

### Part One: Financial Statement Information

#### Section A: Balance Sheet

(as at end date of Reporting Period)

	A	B
<b>Fixed Assets</b>		
1	Intangible assets	<input type="text"/>
2	Tangible assets	<input type="text"/>
3	Investments	<input type="text"/>
4	Total Fixed Assets	<input type="text"/>
<b>Current Assets</b>		
5	Inventories	<input type="text"/>
6	Debtors (see Memo (1))	<input type="text"/>
7	Investments held as current assets (see Memo (2))	<input type="text"/>
8	Cash at bank and in hand	<input type="text"/>
9	Other assets	<input type="text"/>
10	Total Current Assets	<input type="text"/>
<b>Current Liabilities</b> (amounts falling due within one year)		
11	Bank loans and overdrafts	<input type="text"/>
12	Other liabilities falling due within one year	<input type="text"/>
13	Total Current Liabilities	<input type="text"/>
14	Net current assets	<input type="text"/>
15	Total assets less total current liabilities	<input type="text"/>
16	Other liabilities falling due after more than one year	<input type="text"/>
17	Provisions for liabilities and charges	<input type="text"/>
18	Net assets	<input type="text"/>
19	Guarantees provided by firm	<input type="text"/>

**Capital and Reserves****Capital account (incorporated businesses excluding Limited Liability Partnerships)**

20	Ordinary share capital	<input type="text"/>
21	Preference share capital	<input type="text"/>
22	Share premium account	<input type="text"/>
23	Profit and Loss account (retained earnings)	<input type="text"/>
24	Other reserves	<input type="text"/>
25	Total Capital and Reserves	<input type="text"/>

**Capital account (unincorporated businesses and Limited Liability Partnerships)**

26	Sole trader / Partners' capital account / Members' capital	<input type="text"/>
27	Other reserves	<input type="text"/>
28	Total Capital and Reserves	<input type="text"/>

Memo (1)

29	Total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors.	<input type="text"/>
----	--	----------------------

Memo (2)

30	Value of shares in group undertakings where such investments are held as current assets.	<input type="text"/>
----	--	----------------------

**Section B: Profit and Loss Account**

(for the period corresponding to the Reporting Period)

**Revenue**

(Income accrued during the reporting period)

B

31	Revenue from all regulated pre-paid funeral plan activities	<input type="text"/>
32	Revenue from all FCA regulated activities <i>(including regulated pre-paid funeral plan activities)</i>	<input type="text"/>
33	Revenue from all non-FCA regulated activities	<input type="text"/>
34	Total Revenue	<input type="text"/>

**Expenditure**

(Expenditure incurred during the reporting period)

35	Total Expenditure	<input type="text"/>
36	Profit/(Loss) on ordinary activities before taxation	<input type="text"/>
37	Profit/(Loss) on extraordinary activities before taxation	<input type="text"/>
38	Taxation	<input type="text"/>
39	Profit/(Loss) for the period before dividends and appropriations	<input type="text"/>
40	Dividends and other appropriations	<input type="text"/>
41	Retained Profit	<input type="text"/>
<i>Annual report and accounts</i>		
42	Date of most recent annual report and accounts	<input type="text" value="dd/mm/yyyy"/>
43	Please provide an attachment or the link to the publication of your most recent annual report and accounts	<input type="text" value="https://"/>

**Part Two: Supplementary Information**

**Trust-Backed Funderl Plans**

(to be completed by Funeral Plan Providers with funeral plans backed by trust arrangements)

(as at the end date of the Reporting Period)

		<input type="text"/>	
		Number of undrawn (live) funeral plans not redeemed against a funeral	Total value of undrawn (live) funeral plans not redeemed against a funeral
		A	B
44	Single payment	<input type="text"/>	<input type="text"/>
45	Instalment - fully paid	<input type="text"/>	<input type="text"/>
46	Instalment - not yet fully paid	<input type="text"/>	<input type="text"/>
47	Total	<input type="text"/>	<input type="text"/>
48	Value of trust assets <i>(including net present value of remaining instalments)</i>	<input type="text"/>	
49	Trust assets per undrawn (live) funeral plan <i>(on a fully paid up instalment basis)</i>	<input type="text"/>	



**Solvency Assessment Report (SAR) & Trust Accounts**

(to be completed by Funeral Plan Providers with funeral plans backed by trust arrangements)

B

- 50 Have you obtained a Solvency Assessment Report (SAR) in the last 12 months?
- 51 Date of most recent Solvency Assessment Report (SAR)
- 52 Please provide an attachment or the link to the publication of your most recent Solvency Assessment Report (SAR)
- 53 What is the name of the trust actuary who completed your most recent Solvency Assessment Report (SAR)?
- 54 What is the name of trust actuary's company?
- According to your most recent Solvency Assessment Report (SAR):*
- 55 Valuation Date of Solvency Assessment Report (SAR)
- 56 Valuation of trust assets
- 57 Valuation of pre-paid funeral plan liabilities
- 58 Solvency Ratio (best estimate basis)
- 59 Have any withdrawal / disbursements of trust surplus(es) been authorised by the trust actuary during the Reporting Period?
- 60 Value of any withdrawal / disbursements of trust surplus(es) during Reporting Period
- Trust accounts*
- 61 Date of most recent annual trust accounts
- 62 Please provide an attachment or the link to the publication of your most recent annual trust accounts

**Insurance-Backed Funeral Plans**

(to be completed by Funeral Plan Providers with funeral plans backed by insurance arrangements)

(as at the end date of the Reporting Period)

Number of live insurance-backed funeral plans not redeemed against a funeral	Total Sum Assured (Plan Value) of live insurance-backed funeral plans not redeemed against a funeral
A	B

- 63 Single premium
- 64 Instalment - inside moratorium period
- 65 Instalment - outside moratorium period
- 66 Total
- 67 Average age of policyholders

**Appointed Representatives**

B

- 68 Number of Appointed Representatives ("ARs") registered with the firm, at the end of the Reporting Period, that are engaged in pre-paid funeral plan activities
- 69 Total Revenue accrued by registered Appointed Representatives of the firm from all pre-paid funeral plan activities during the Reporting Period
- 70 Does the firm have appropriate systems and procedures to ensure that the activities of its ARs are effectively monitored and controlled?
- (for firms that have registered Appointed Representatives)
- 71 Number of ARs that have been subject to monitoring visits by the firm during the Reporting Period.
- 72 Number of ARs that have been subject to file reviews by the firm during the Reporting Period.
- 73 Number of ARs that have been subject to financial checks by the firm during the Reporting Period.

**Audited Accounts**

- 74 If your firm is incorporated, does your firm qualify for the Companies House small firms' exemption from having its accounts audited?
- 75 If the firm is required to submit audited accounts, please report the date on which your accounts were last audited

**Part Three: Regulatory Capital**

**Section C: Core Capital Resources Requirement**

(as at the firm's most recent accounting reference date)

B

- 76 Annual income   
Annual income' is the total income (revenue) accrued by the firm during the 12 months prior to the accounting reference date as given in the firm's most recent annual financial statement from the firm's relevant regulated activity or activities.
- 77 the sum of   
(a) the number of undrawn funeral plan contracts backed by trust arrangements, multiplied by the median of the amounts that would be payable to the firm under each trust arrangement if a funeral were required on the day following the end of the firm's previous reporting period , multiplied by 0.5%;  
(b) the number of undrawn funeral plan contracts backed by a whole of life insurance policy, multiplied by the median of the amounts payable to the firm under each whole of life insurance policy if a funeral were required on the day following the end of the firm's previous reporting period , multiplied by 0.5%.
- 78 Base requirement
- 79 2.5% of annual income

**80 Core Capital Resources Requirement**   
(as at the firm's most recent accounting reference date)

**Section D: Core Capital Resources**  
(as at the firm's end date of the Reporting Period)

**Incorporated businesses excluding Limited Liability Partnerships**  
A

<b>81</b>	Share capital	<input type="text"/>
<b>82</b>	Reserves	<input type="text"/>
<b>83</b>	Interim net profits	<input type="text"/>
<b>84</b>	Revaluation reserves	<input type="text"/>
<b>85</b>	Eligible subordinated loans	<input type="text"/>
<b>86</b>	less investments in own shares	<input type="text"/>
<b>87</b>	less intangible assets	<input type="text"/>
<b>88</b>	less interim net losses	<input type="text"/>
<b>89</b>	<b>Total Core Capital Resources</b> (as at the firm's end date of the Reporting Period)	<input type="text"/>

**Unincorporated businesses and Limited Liability Partnerships**

<b>90</b>	Capital of a sole trader or partnership	<input type="text"/>
<b>91</b>	Eligible subordinated loans	<input type="text"/>
<b>92</b>	Personal assets not needed to meet non-business liabilities	<input type="text"/>
<b>93</b>	less intangible assets	<input type="text"/>
<b>94</b>	less interim net losses	<input type="text"/>
<b>95</b>	less excess of drawings over profits for a sole trader or partnership	<input type="text"/>
<b>96</b>	<b>Total Core Capital Resources</b> (as at the firm's end date of the Reporting Period)	<input type="text"/>

**Section E: Capital Adequacy Position**  
(as at the firm's end date of the Reporting Period)

**97 Core Capital Resources Surplus / Deficit**   
(as at the firm's end date of the Reporting Period)

**FPR003b Funeral Plan Intermediaries - Half-Yearly Prudential Return**

**Part One: Financial Statement Information**

**Section A: Balance Sheet**

(as at end date of Reporting Period)

	A	B
<b>Fixed Assets</b>		
1	Intangible assets	<input type="text"/>
2	Tangible assets	<input type="text"/>
3	Investments	<input type="text"/>
4	Total Fixed Assets	<input type="text"/>
<b>Current Assets</b>		
5	Inventories	<input type="text"/>
6	Debtors (see Memo (1))	<input type="text"/>
7	Investments held as current assets (see Memo (2))	<input type="text"/>
8	Cash at bank and in hand	<input type="text"/>
9	Other assets	<input type="text"/>
10	Total Current Assets	<input type="text"/>
<b>Current Liabilities</b> (amounts falling due within one year)		
11	Bank loans and overdrafts	<input type="text"/>
12	Other liabilities falling due within one year	<input type="text"/>
13	Total Current Liabilities	<input type="text"/>
14	Net current assets	<input type="text"/>
15	Total assets less total current liabilities	<input type="text"/>
16	Other liabilities falling due after more than one year	<input type="text"/>
17	Provisions for liabilities and charges	<input type="text"/>
18	Net assets	<input type="text"/>
19	Guarantees provided by firm	<input type="text"/>

**Capital and Reserves****Capital account (incorporated businesses excluding Limited Liability Partnerships)**

20	Ordinary share capital	<input type="text"/>
21	Preference share capital	<input type="text"/>
22	Share premium account	<input type="text"/>
23	Profit and Loss account (retained earnings)	<input type="text"/>
24	Other reserves	<input type="text"/>
25	Total Capital and Reserves	<input type="text"/>

**Capital account (unincorporated businesses and Limited Liability Partnerships)**

26	Sole trader / Partners' capital account / Members' capital	<input type="text"/>
27	Other reserves	<input type="text"/>
28	Total Capital and Reserves	<input type="text"/>

Memo (1)

29	Total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors.	<input type="text"/>
----	--	----------------------

Memo (2)

30	Value of shares in group undertakings where such investments are held as current assets.	<input type="text"/>
----	--	----------------------

**Section B: Profit and Loss Account**

(for the period corresponding to the Reporting Period)

**Revenue**

(Income accrued during the reporting period)

B

31	Revenue from all regulated pre-paid funeral plan activities	<input type="text"/>
32	Revenue from all FCA regulated activities <i>(including regulated pre-paid funeral plan activities)</i>	<input type="text"/>
33	Revenue from all non-FCA regulated activities	<input type="text"/>
34	Total Revenue	<input type="text"/>

**Expenditure**

(Expenditure incurred during the reporting period)

- 35 Total Expenditure
- 36 Profit/(Loss) on ordinary activities before taxation
- 37 Profit/(Loss) on extraordinary activities before taxation
- 38 Taxation
- 39 Profit/(Loss) for the period before dividends and appropriations
- 40 Dividends and other appropriations
- 41 Retained Profit
- Annual report and accounts*
- 42 Date of most recent annual report and accounts
- 43 Please provide an attachment or the link to the publication of your most recent annual report and accounts

**Part Two: Supplementary Information****Appointed Representatives**

B

- 44 Number of Appointed Representatives ("ARs") registered with the firm, at the end of the Reporting Period, that are engaged in pre-paid funeral plan intermediation activities
- 45 Total Revenue accrued by registered Appointed Representatives of the firm from all pre-paid funeral plan intermediation activities during the Reporting Period
- 46 Does the firm have appropriate systems and procedures to ensure that the activities of its ARs are effectively monitored and controlled?
- (for firms that have registered Appointed Representatives)
- 47 Number of ARs that have been subject to monitoring visits by the firm during the Reporting Period.
- 48 Number of ARs that have been subject to file reviews by the firm during the Reporting Period.
- 49 Number of ARs that have been subject to financial checks by the firm during the Reporting Period.

**Audited Accounts**

- 50 If your firm is incorporated, does your firm qualify for the Companies House small firms' exemption from having its accounts audited?
- 51 If the firm is required to submit audited accounts, please report the date on which your accounts were last audited

**Part Three: Regulatory Capital**

**Section C: Core Capital Resources Requirement**

(as at the firm's most recent accounting reference date)

B

<b>52</b>	Annual income	<input type="text"/>
	Annual income <sup>1</sup> is the total income (revenue) accrued by the firm during the 12 months prior to the accounting reference date as given in the firm's most recent annual financial statement from the firm's relevant regulated activity or activities.	
<b>53</b>	Base requirement	<input type="text" value="10000"/>
<b>54</b>	2.5% of annual income	<input type="text"/>
<b>55</b>	<b>Core Capital Resources Requirement</b> (as at the firm's most recent accounting reference date)	<input type="text"/>

**Section D: Core Capital Resources**

(as at the firm's end date of the Reporting Period)

Incorporated businesses excluding Limited Liability Partnerships

A

<b>56</b>	Share capital	<input type="text"/>
<b>57</b>	Reserves	<input type="text"/>
<b>58</b>	Interim net profits	<input type="text"/>
<b>59</b>	Revaluation reserves	<input type="text"/>
<b>60</b>	Eligible subordinated loans	<input type="text"/>
<b>61</b>	less investments in own shares	<input type="text"/>
<b>62</b>	less intangible assets	<input type="text"/>
<b>63</b>	less interim net losses	<input type="text"/>
<b>64</b>	<b>Total Core Capital Resources</b> (as at the firm's end date of the Reporting Period)	<input type="text"/>

**Unincorporated businesses and Limited Liability Partnerships**

<b>65</b>	Capital of a sole trader or partnership	<input type="text"/>
<b>66</b>	Eligible subordinated loans	<input type="text"/>
<b>67</b>	Personal assets not needed to meet non-business liabilities	<input type="text"/>
<b>68</b>	less intangible assets	<input type="text"/>
<b>69</b>	less interim net losses	<input type="text"/>

70 less excess of drawings over profits  
for a sole trader or partnership

71 **Total Core Capital Resources**  
(as at the firm's end date of the Reporting Period)

**Section E: Capital Adequacy Position**  
(as at the firm's end date of the Reporting Period)

72 **Core Capital Resources Surplus/Deficit**  
(as at the firm's end date of the Reporting Period)



**16 Annex 50B**      **G**      **Proposed Guidance notes for completion of the quarterly conduct return (FP001) for Funeral Plan Providers**

**Guidance notes for completion of the half yearly prudential data regulatory return FP003a for Funeral Plan Providers and FP003b Funeral Plan Intermediaries**

## Proposed Guidance notes for completion of the quarterly conduct return (FPR001) for Funeral Plan Providers

### Guidance for FPR001

This data collects key information quarterly from funeral plan providers and provides the FCA with an overall picture of the size of the funeral plans market and how revenue is generated. The data assists the FCA in the ongoing supervision of firms engaged in funeral plans and enables the FCA to gain a wider understanding of market trends in the interests of protecting consumers.

If you have undertaken no regulated funeral plans activity during the reporting period, answer "yes" to question 1 "do you wish to report a nil return?" to attest that there is no activity to report to us.

All questions requiring a monetary answer must be answered in sterling only. Figures should be reported in integers (that is, single units, to the nearest whole number), except where otherwise specified in the form: for example, income figures should be given to the nearest pound, not to the nearest thousand pounds.

Questions 2 to 11 and 15, 19 to 24 do not apply to firms who do not enter into funeral plan contracts, for example firms that do not sell funeral plans or have stopped selling funeral plans but want to administer existing plans.

#### Data elements

Question		Notes
1	Do you wish to report a nil return?	If the firm has undertaken no regulated funeral plans activity during this reporting period then answer "yes" and submit the form.
2-4	Number of aggregated sales for the whole of last quarter of plans made with ' <i>single payment or due to be paid in less than 12 months</i> '	<p>Questions 2-4 require information on sales of funeral plans made with single payment or due to be paid in less than 12 months.</p> <p>Questions 2-3 asks for the aggregated sales numbers to be broken down into age bands per policyholder (Fields A-H) and is defined by the sale of trust backed plans <i>or</i> insurance backed plans. Field J refers to the value (£) of maximum total payments a consumer will pay over the full term of the plan.</p> <p>Fields K-L refer to the method of sale. Field K requires the total (%) of sales achieved via the provision of regulated advice at the point of sale. Field L requires the total (%) of sales achieved via the provision of non-regulated advice.</p> <p>Fields M-P refer to the sale distribution channel by monetary value (£).</p>

		<p>Field M requires the total sales by Authorised Intermediaries. Intermediaries are firms that advise on and/or arrange funeral plan contracts for customers. Examples include funeral directors and will-writers.</p> <p>Field N requires the total sales made directly by the regulated funeral plan provider.</p> <p>Field O requires the total sales made by Appointed Representatives whereby the funeral plan provider acts as the registered Principal. An Appointed Representative is a firm or person that carries out regulated activities and acts as an agent for the directly authorised funeral plan provider ("Principle").</p> <p>Field P requires the total sales by Appointed Representatives whereby an intermediary or other third-party act as the registered Principal.</p> <p>Question 4 requires the total values across all fields A-P (relevant to the unit required under each field).</p>
5-6	Please provide the details of the top 5 firms of these sales (either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers)	<p>Please provide the top five firms by volume of sales broken down by trust backed funeral plans (question 5) and/or insurance backed plans (question 6). This includes sales by either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers.</p> <p>If sales of both trust backed and insurance backed funeral plans took place in the reporting period, provide the top five firms for each product.</p> <p>Field B refers to the firm reference number (FRN) of the firm that sold the product. For sales via an intermediary enter the intermediaries FRN. Where the intermediary is an Appointed Representative, the FRN of the Appointed Representative must be reported. Unregulated introducers will not have a FRN.</p> <p>Field F refers to the type of distribution. Distribution should be reported under the following categories: Appointed Representatives; directly Authorised</p>

		Intermediaries; or unregulated introducers.
7-9	Number of aggregated sales for the whole of last quarter of plans made with ' <i>payment terms longer than 12 months</i> '	<p>Questions 7–9 require information on sales of funeral plans made with payment terms longer than 12 months.</p> <p>Questions 7-8 ask for the aggregated sales numbers to be broken down into age bands per Policyholder (Fields A-H) and defined by the sale of trust backed plans <i>or</i> insurance backed plans.</p> <p>Field J refers to the value (£) of the maximum total payments a consumer will pay over the full term of the plan.</p> <p>Fields K-N refer to the term length of the plans sold.</p> <p>For sales of insurance backed funeral plans where premiums continue indefinitely until death or until a set age <i>e.g. 90 years old</i>, please treat customers age away from the set age at the time the policy was taken out as the term. Where no set age for premiums stopping exists, please treat customers age away from 90 years old as the term <i>e.g. age 70 is 20 years away from 90, so is defined as &gt;10 year plan.</i></p> <p>Field O-P refer to the method of sale. Field O requires the total (%) of sales achieved via the provision of regulated advice at the point of sale. Field P requires the total (%) of sales achieved via the provision of non-regulated advice.</p> <p>Fields Q-T refer to the sale distribution channel by monetary value (£).</p> <p>Field Q requires the total value (£) of sales by Authorised Intermediaries. Intermediaries are firms that advise on and/or arrange funeral plan contracts for customers. Examples include funeral directors and will-writers.</p> <p>Field R requires the total sales made directly by the regulated funeral plan provider.</p> <p>Field S requires the total value (£) of sales made by Appointed Representatives whereby the funeral plan provider acts as the registered Principal. An Appointed</p>

		<p>Representative is a firm or person that carries out regulated activities and acts as an agent for the directly authorised funeral plan provider ("Principle").</p> <p>Field T requires the total value (£) of sales by Appointed Representatives whereby an intermediary or other third-party act as the registered Principal.</p> <p>Question 9 requires the total values across all fields A-P (relevant to the unit required under each field).</p>
10-11	Please provide the details of the top 5 firms of these sales (either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers)	<p>Please provide the top five firms by volume of sales broken down by trust backed funeral plans (question 10) and/or insurance backed plans (question 11). This includes sales by either Appointed Representatives, directly Authorised intermediaries, or unregulated introducers.</p> <p>If sales of both trust backed and insurance backed funeral plans took place in the reporting period, provide the top five firms for each product.</p> <p>Field B of table refers to the firm reference number (FRN) of the firm that sold the product. Unregulated introducers will not have a FRN.</p> <p>Field F of the table refers to the type of distribution. Distribution should be reported under the following categories: Appointed Representatives; directly Authorised intermediaries; or unregulated introducers.</p>
12	Total number of funeral plans fulfilled	State the total number of funeral plans paid out to plan holders.
13	Number of plans claimed where not fully paid up	Enter the total number of plans where the instalment payments are not fully paid up and an outstanding balance must be met by the plan holder's estate for the provision of a funeral.
14	Number of claims declined	<p>State total number.</p> <p>For example, declined and discontinued claims include a claim on a funeral plan declined on the basis of a breach of contract by the plan holder.</p>

15	Number of cancellations by plan holders in cooling off period	Enter the total number of cancellations, by plan holder, taking place within the 30-day cancellation period.
16	Number of cancellations by plan holders outside cooling off period	Enter the total number of cancellations, by plan holder, taking place outside of the 30-day cancellation period.
17	Number of cancellations by yourselves as provider	State total number.
18	Total cancellation (£) fees paid per customer	Enter the minimum, median and maximum fee charged across all customers that cancelled.
19	What was the total remuneration paid to the firm's employees selling plans?	Include all remuneration received by employees, including any variable remuneration such as bonuses, commissions or performance-based pay. Include share-based remuneration, options and the monetary value of benefits in kind.
20	What was the amount of variable remuneration paid to the firm's employees selling plans?	Enter the minimum, median, maximum and total variable remuneration paid to the firm's employees selling plans.  Include only variable remuneration such as bonuses, commissions or performance-based pay. Include share-based remuneration, options and the monetary value of benefits in kind to the extent that these are variable.
21	How many employees do you have selling plans?	State how many employees the firm has selling plans during the reporting period.  Include part time workers in this figure as 0.5.
22	What was the amount paid to non-employee sales agents i.e. commission (£)?	Enter the minimum, median, maximum and total amount paid (£) to non-employee sales agents selling plans.  Include all remuneration received by non-employees, including any variable remuneration such as bonuses, commissions or performance-based pay. Include share-based remuneration, options and the monetary value of benefits in kind.
23	How many sales by non-employee sales agents does this cover?	State number of plans.

24	Level of upfront admin charges/fees (£) (including those withdrawn from trusts)?	Enter the minimum, median, maximum and total amount of upfront admin charges/fees (£) (including those withdrawn from trusts).
25	Level of any ongoing admin charges/fees (£) (including those withdrawn from trusts)?	Enter the minimum, median, maximum and total amount of any ongoing admin charges/fees (£) (including those withdrawn from trusts).

## Guidance notes for completion of the half yearly prudential data regulatory return FPR003a for Funeral Plan Providers and FPR003b Funeral Plan Intermediaries

### Guidance for FPR003a and FPR003b

This data collects key financial information half yearly from funeral plan firms and is used by the FCA in the monitoring of firms both individually and collectively. The data assists the FCA in the ongoing supervision of firms engaged in funeral plans activity.

The Funeral Plan Providers' prudential data return is identified as FPR003a and the Funeral Plan Intermediaries' prudential data return is identified as FPR003b. The guidance notes below relate to the returns for both and the relevant question numbers. Our RegData system is structured so that regulatory returns are specific to the firm.

This guidance note does not constitute individual or general FCA guidance. The purpose of this guidance is to help firms complete the financial return. This summary is not a substitute for reading the actual text of the FCA Handbook. It is important to note that this guidance may be subject to periodic review.

### FPR003a Data elements

Question		Notes
1	Intangible assets	Intangible assets are assets that are not physical. For example, goodwill, copyrights, patents and intellectual property.
2	Tangible assets	Tangible assets are assets that have physical substance and for which an approximate value can be attached. Examples include property, real estate, plant and equipment beneficially owned by the firm.
3	Investments	The company's long-term investments, including shares, bonds, real estate, exchange-traded funds, money market funds, cash or cash equivalents held for long-term investment purposes.
4	Total Fixed Assets	This should be the sum of items 1 (intangible assets), 2 (tangible assets) and 3 (investments).
5	Inventories	These are assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in progress), and materials or supplies that are consumed during production (raw materials).
6	Debtors	This includes loans and securities, and both trade and non-trade debtors. It also includes the total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors.
7	Investments held as current assets	These are short-term investments that a firm holds for resale or pending their sale with a maturity date of less than one year and are generally, easily converted to cash. These can include short-term investments in, for example, equities, debt



		securities and exchange-traded funds. It also includes the value of shares in group undertakings where such investments are held as current assets.
8	Cash at bank and in hand	This refers to amounts which are held by a business in the form of notes and coins (e.g. petty cash) or which are held at a bank in the form of on demand deposits.
9	Other assets	Includes any other current assets not reported elsewhere.
10	Total Current Assets	This should be the sum of items 5 to 9.
11	Bank loans and overdrafts	This comprises any borrowings made from banks or building societies.
12	Other liabilities falling due within one year	Includes any other current liabilities not reported elsewhere.
13	Total Current Liabilities	This should be the sum of items 11 to 12.
14	Net current assets	This should equal item 10 (total current assets) minus item 13 (total current liabilities).
15	Total assets less total current liabilities	This should equal item 4 (total fixed assets) plus item 14 (net current assets).
16	Other liabilities falling due after more than one year	These are longer term liabilities, including loans (e.g. mortgage, bank loans or debt securities issued) that are due to be repaid after more than one year and debt securities.
17	Provisions for liabilities and charges	Liabilities of uncertain timing or amount eg arising from a legal or constructive obligation
18	Net assets	Net assets is the net current capital position of the firm. This should equal item 15 (total assets less total current liabilities) minus items 16 (other liabilities falling due after more than one year) and 17 (provisions for liabilities and charges). Please note that this figure must be the same figure as item 25 (total capital and reserves), otherwise the balance sheet will not balance.
19	Guarantees provided by firm	This is the total value of guarantees provided by the firm to cover the indebtedness of other persons or entities.
20	Ordinary share capital	The face value of shares that have been issued and for which cash has been received.
21	Preference share capital	The face value of shares that have been issued and for which cash has been received, and have preferential rights over the holders of ordinary shares.
22	Share premium account	The difference between the cash received in exchange for ordinary share capital and the face value of the shares issued.

23	Profit and Loss account (retained earnings)	The accumulation of all previously retained profits/losses since the birth of the firm.
24	Other reserves	Any other reserves not already covered by the previous headings - an example would be revaluation reserves.
25	Total Capital and Reserves	This is the total capital and reserves at the firm. This figure is the total of item 20 (ordinary share capital), 21 (preference share capital), item 22 (share premium account), item 23 (profit and loss account (retained earnings)), and item 24 (other reserves). Please note that this figure must be the same figure as item 18 (net assets), otherwise the balance sheet will not balance.
26	Sole trader / Partners' capital account / Members' capital	The current balance of the firm's capital account.
27	Other reserves	Any other reserves not already covered by the previous heading.
28	Total Capital and Reserves	This is the total capital and reserves at the firm. This figure is the total of item 26 (Sole trader/Partners' capital account/Members' capital) and item 27 (other reserves). Please note that this figure must be the same figure as item 18 (net assets), otherwise the balance sheet will not balance.
29	Total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors	Insert monetary value.
30	Value of shares in group undertakings where such investments are held as current assets	Insert monetary value.
31	Revenue from all regulated pre-paid funeral plan activities	This is the sum of commission, fees and other income from all regulated pre-paid funeral plan activities.
32	Revenue from all FCA regulated activities	This is the sum of commission, fees and other income from all FCA regulated activities, including all regulated pre-paid funeral plan activities.
33	Revenue from all non-FCA regulated activities	This is the sum of commission, fees and other income from all non-FCA regulated activities.
34	Total Revenue	This is the sum of item 32 (revenue from all FCA regulated activities) and item 33 (revenue from all non-FCA regulated activities).
35	Total Expenditure	This is the total expenditure of the firm both in relation to its regulated and non-regulated activities (excluding tax).

		Commissions paid to appointed representatives are recorded here.
36	Profit/(Loss) on ordinary activities before taxation	This figure is produced by deducting the total expenditure from ordinary activities (both regulated and non-regulated) from the total revenue (both regulated and non-regulated). If the firm has not undertaken any extraordinary activities, the formula is simply: item 34 (total revenue) minus item 35 (total expenditure).
37	Profit/(Loss) on extraordinary activities before taxation	An extraordinary event is a one-off event that has either generated a significant profit or loss. Examples of an extraordinary activity would be the sale of a building, or the purchase of new premises. This figure should be calculated using the following formula:  Total revenue obtained as a result of the extraordinary activities - total expenditure caused as a result of extraordinary activities.
38	Taxation	The firm should estimate the tax that will be payable on its profits, and insert that figure in this field.
39	Profit/(Loss) for the period before dividends and appropriations	This figure should be calculated using the following formula: item 34 (total revenue) - item 35 (total expenditure) - item 38 taxation.
40	Dividends and other appropriations	Dividends and other appropriations include dividends paid to shareholders, staff bonuses, wages paid to self (sole trader) etc.
41	Retained Profit	Retained profit is calculated using the following formula: Item 39 (Profit/(Loss) for the period before dividends and appropriations) - item 40 (dividends and other appropriations).
42	Date of most recent annual report and accounts	State the date.
43	Please provide an attachment or the link to the publication of your most recent annual report and accounts.	Provide an attachment or state the link.
44	Single payment	State the relevant numbers and monetary values - refer to FPCOB 15.5.1R(3).
45	Instalment - fully paid	State the relevant numbers and monetary values - refer to FPCOB 15.5.1R(3).
46	Instalment - not yet fully paid	State the relevant numbers and monetary values - refer to FPCOB 15.5.1R(3).

47	Total	State the relevant numbers and monetary values. For columns A and B, provide the sums of the relevant figures in items 44, 45 and 46.
48	Value of trust assets	Insert monetary value, including net present value of remaining instalments.
49	Trust assets per undrawn (live) funeral plan	Provide the information on a fully paid up instalment basis.
50	Have you obtained a Solvency Assessment Report (SAR) in the last 12 months	State yes or no.
51	Date of most recent Solvency Assessment Report (SAR)	State the date
52	Please provide an attachment or the link to the publication of your most recent Solvency Assessment Report (SAR)	Add an attachment or a link.
53	What is the name of the trust actuary who completed your most recent Solvency Assessment Report (SAR)	State the trust actuary's name.
54	What is the name of trust actuary's company	State the company name.
55	Valuation Date of Solvency Assessment Report (SAR)	State the date.
56	Valuation of trust assets	State the monetary value.
57	Valuation of pre-paid funeral plan liabilities	State the monetary value.
58	Solvency Ratio (best estimate basis)	This is the ratio of trust assets over trust liabilities as a percentage, on a best estimate basis. A best estimate valuation should reflect the actuary's expectation of future experience for each risk factor given all available, relevant experience and information pertaining to the assumption being estimated and set in such a manner that there is an equal likelihood of the actual value being greater than or less than the expected value.
59	Have any withdrawal / disbursements of trust surplus(es) been authorised by the trust actuary during the reporting period	State 'yes' or 'no'.
60	Value of any withdrawal / disbursements of trust surplus(es) during reporting period	State the total monetary value of withdrawals / disbursements.

61	Date of most recent annual trust accounts	State date.
62	Please provide an attachment or the link to the publication of your most recent annual trust accounts	State link.
63	Single premium	State the relevant numbers and monetary values - refer to FPCOB 15.5.1R(3).
64	Instalment - inside moratorium period	State the relevant numbers and monetary values - refer to FPCOB 15.5.1R(3).
65	Instalment - outside moratorium period	State the relevant numbers and monetary values - refer to FPCOB 15.5.1R(3).
66	Total	State the relevant numbers and monetary values. For columns A and B, provide the sums of the relevant figures in items 63, 64 and 65.
67	Average age of policy holders	State average age of policy holders.
68	Number of Appointed Representatives ("ARs") registered with the firm, at the end of the reporting period, that are engaged in pre-paid funeral plan activities	State number of ARs.
69	Total revenue accrued by registered Appointed Representatives of the firm from all pre-paid funeral plan activities during the reporting period	State total revenue.
70	Does the firm have appropriate systems and procedures to ensure that the activities of its ARs are effectively monitored and controlled	Answer 'yes' or 'no'.
71	Number of ARs that have been subject to monitoring visits by the firm during the reporting period	(For firms that have registered Appointed Representatives). State the number of ARs.
72	Number of ARs that have been subject to file reviews by the firm during the Reporting Period	(For firms that have registered Appointed Representatives). State the number of ARs.
73	Number of ARs that have been subject to financial checks by the firm during the reporting period	(For firms that have registered Appointed Representatives). State the number of ARs.

74	If your firm is incorporated, does your firm qualify for the Companies House small firms' exemption from having its accounts audited	Answer 'yes' or 'no'.
75	If the firm is required to submit audited accounts, please report the date on which your accounts were last audited	State the date, if applicable.
76	Annual income	A firm's annual income refers to all income received or receivable, whether arising from the firm's permitted activities or not, as reported in its most recent audited annual financial statements. Please see FPCOBS 15.8 (Calculation of annual income).
77	the sum of: (a) the number of undrawn funeral plan contracts backed by trust arrangements, multiplied by the median of the amounts that would be payable to the firm under each trust arrangement if a funeral were required on the day following the end of the firm's previous reporting period, multiplied by 0.5%; (b) the number of undrawn funeral plan contracts backed by a whole of life insurance policy, multiplied by the median of the amounts payable to the firm under each whole of life insurance policy if a funeral were required on the day following the end of the firm's previous reporting period, multiplied by 0.5%	This is calculated using the following formula (see FPCOB 15.5.1R(3):  (Item 47A (total number of undrawn (live) funeral plans backed by trust arrangements not redeemed against a funeral) x item 47F (median value for the whole group of undrawn (live) funeral plans backed by trust arrangements and not redeemed against a funeral) x 0.005)  +  (item 66A (total number of live insurance-backed funeral plans not redeemed against a funeral) x item 66F (median plan sum assured for the whole group of live insurance-backed funeral plans not redeemed against a funeral) x 0.005).
78	Base requirement	Guidance not required. Note that this differs for funeral plan providers and funeral plan intermediaries.
79	2.5% of annual income	This figure should be calculated using the following formula: item 76 (annual income) x 0.025.
80	Core capital Resources Requirement	This is the higher of: item 77, item 78, and item 79. See FPCOB 15.5.1R
81	Share capital	As per FPCOB 15.9.3R, this includes 'ordinary share capital' and 'preference share capital (excluding preference shares redeemable by shareholders within two years)'. This must be fully paid.
82	Reserves	This is the accumulated total of all retained profit, and other reserves created by appropriations of share premiums and similar realised

		appropriations. Reserves would also include gifts of capital, for example, from a parent undertaking. See also FPCOB 15.9.3R, including for adjustments that firms must make to its reserves, where appropriate.
83	Interim net profits	This figure is the total interim profits net of tax, anticipated dividends or proprietors' drawings and other appropriations. See FPCOB 15.9.3R
84	Revaluation reserves	These are unrealised reserves arising from the revaluation of fixed assets.
85	Eligible subordinated loans	Eligible subordinated loans - a subordinated loan/debt must not form part of the capital resources for the core capital resources requirement of the firm unless it meets the conditions set out in FPCOB 15.9.8R.
86	Less investments in own shares	Any 'investments' in the balance sheet which are invested in the firm's own shares must be inserted in this box for deduction.
87	Less intangible assets	Intangible assets are assets that are not physical. For example, goodwill, copyrights, patents and intellectual property. This should be the same figure inserted in Question 1.
88	Less interim net losses	These should be inserted in this box when they have not already been incorporated into the 'reserves'.
89	Total Core Capital Resources	This is calculated using the following formula: item 81 (share capital) + item 82 (reserves) + item 83 (interim net profits) + item 84 (revaluation reserves) + item 85 (eligible subordinated loans) - item 86 (investments in own shares) - item 87 (intangible assets) - item 88 (interim net losses).
90	Capital of a sole trader or partnership	This is the total net balance on the firm's capital accounts and current account. See FPCOB 15.9.3R.
91	Eligible subordinated loans	Eligible subordinated loans - A subordinated loan/debt must not form part of the capital resources for the core capital resources requirement of the firm unless it meets the conditions set out in FPCOB 15.9.8R.
92	Personal assets not needed to meet non-business liabilities	Sole traders and partnerships may use personal assets as eligible capital unless: i) these assets are being used to meet liabilities relating to other non-FCA activities (including personal and other business activities); or ii) the firm holds client money or other client assets.
93	Less intangible assets	Intangible assets are assets that are not physical. For example, goodwill, copyrights, patents and intellectual property.  This should be the same figure inserted in Question 1.

94	Less interim net losses	These should be inserted in this box when they have not already been incorporated into the firm's capital or current accounts.
95	Less excess of drawings over profits for a sole trader or partnership	Firms should include any excess capital removed from the firm over and above any profit made by the firm for deduction.
96	Total Core Capital Resources	This is calculated using the following formula: item 90 (capital of a sole trader or partnership) + item 91 (eligible subordinated loans) + item 92 (personal assets not needed to meet non-business liabilities) - item 93 (intangible assets) - item 94 (interim net losses) - item 95 (excess of drawings over profits for a sole trader or partnership)
97	Core Capital Resources Surplus/(Deficit)	This is calculated using the following formula: item 89 or 96 (total core capital resources) - item 80 (core capital resources requirement).



## Guidance notes for completion of the half yearly prudential data regulatory return FPR003b for Funeral Plan Intermediaries

### Guidance for FPR003b

This data collects key financial information half yearly from funeral plan firms and is used by the FCA in the monitoring of firms both individually and collectively. The data assists the FCA in the ongoing supervision of firms engaged in funeral plans activity.

The Funeral Plan Intermediaries prudential data return is identified as FPR003b and the guidance notes below relate to the return for Funeral Plan Intermediaries and the relevant question numbers. Our RegData system is structured so that regulatory returns are specific to the firm.

This guidance note does not constitute individual or general FCA guidance. The purpose of this guidance is to help firms complete the financial return. This summary is not a substitute for reading the actual text of the FCA Handbook. It is important to note that this guidance may be subject to periodic review.

### Data elements for FPR003b

Question		Notes
1	Intangible assets	Intangible assets are assets that are not physical. For example, goodwill, copyrights, patents and intellectual property.
2	Tangible assets	Tangible assets are assets that have physical substance and for which an approximate value can be attached. Examples include property, real estate, plant and equipment beneficially owned by the firm.
3	Investments	The company's long-term investments, including shares, bonds, real estate, exchange-traded funds, money market funds, cash or cash equivalents held for long-term investment purposes.
4	Total Fixed Assets	This should be the sum of items 1 (intangible assets), 2 (tangible assets) and 3 (investments).
5	Inventories	These are assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in progress), and materials or supplies that are consumed during production (raw materials).
6	Debtors	This includes loans and securities, and both trade and non-trade debtors. It also includes the total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors.
7	Investments held as current assets	These are short-term investments that a firm holds for resale or pending their sale with a maturity date of less than one year and are generally, easily converted to cash. These can include short-term investments in, for example, equities, debt securities and exchange-traded funds. It also

		includes the value of shares in group undertakings where such investments are held as current assets.
8	Cash at bank and in hand	This refers to amounts which are held by a business in the form of notes and coins (e.g. petty cash) or which are held at a bank in the form of on demand deposits.
9	Other assets	Includes any other current assets not reported elsewhere.
10	Total Current Assets	This should be the sum of items 5 to 9.
11	Bank loans and overdrafts	This comprises any borrowings made from banks or building societies.
12	Other liabilities falling due within one year	Includes any other current liabilities not reported elsewhere.
13	Total Current Liabilities	This should be the sum of items 11 to 12.
14	Net current assets	This should equal item 10 (total current assets) minus item 13 (total current liabilities).
15	Total assets less total current liabilities	This should equal item 4 (total fixed assets) plus item 14 (net current assets).
16	Other liabilities falling due after more than one year	These are longer term liabilities, including loans (e.g. mortgage, bank loans or debt securities issued) that are due to be repaid after more than one year and debt securities.
17	Provisions for liabilities and charges	Liabilities of uncertain timing or amount eg arising from a legal or constructive obligation
18	Net assets	Net assets is the net current capital position of the firm. This should equal item 15 (total assets less total current liabilities) minus items 16 (other liabilities falling due after more than one year) and 17 (provisions for liabilities and charges). Please note that this figure must be the same figure as item 25 (total capital and reserves), otherwise the balance sheet will not balance.
19	Guarantees provided by firm	This is the total value of guarantees provided by the firm to cover the indebtedness of other persons or entities.
20	Ordinary share capital	The face value of shares that have been issued and for which cash has been received.
21	Preference share capital	The face value of shares that have been issued and for which cash has been received and have preferential rights over the holders of ordinary shares.
22	Share premium account	The difference between the cash received in exchange for ordinary share capital and the face value of the shares issued.

23	Profit and Loss account (retained earnings)	The accumulation of all previously retained profits/losses since the birth of the firm.
24	Other reserves	Any other reserves not already covered by the previous headings - an example would be revaluation reserves.
25	Total Capital and Reserves	This is the total capital and reserves at the firm. This figure is the total of item 20 (ordinary share capital), 21 (preference share capital), item 22 (share premium account), item 23 (profit and loss account (retained earnings)), and item 24 (other reserves). Please note that this figure must be the same figure as item 18 (net assets), otherwise the balance sheet will not balance.
26	Sole trader / Partners' capital account / Members' capital	The current balance of the firm's capital account.
27	Other reserves	Any other reserves not already covered by the previous heading.
28	Total Capital and Reserves	This is the total capital and reserves at the firm. This figure is the total of item 26 (Sole trader/Partners' capital account/Members' capital) and item 27 (other reserves). Please note that this figure must be the same figure as item 18 (net assets), otherwise the balance sheet will not balance.
29	Total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors	Insert monetary value.
30	Value of shares in group undertakings where such investments are held as current assets	Insert monetary value.
31	Revenue from all regulated pre-paid funeral plan activities	This is the sum of commission, fees and other income from all regulated pre-paid funeral plan activities.
32	Revenue from all FCA regulated activities	This is the sum of commission, fees and other income from all FCA regulated activities, including all regulated pre-paid funeral plan activities.
33	Revenue from all non-FCA regulated activities	This is the sum of commission, fees and other income from all non-FCA regulated activities.
34	Total Revenue	This is the sum of item 32 (revenue from all FCA regulated activities) and item 33 (revenue from all non-FCA regulated activities).
35	Total Expenditure	This is the total expenditure of the firm both in relation to its regulated and non-regulated activities (excluding tax).

		Commissions paid to appointed representatives are recorded here.
36	Profit/(Loss) on ordinary activities before taxation	This figure is produced by deducting the total expenditure from ordinary activities (both regulated and non-regulated) from the total revenue (both regulated and non-regulated). If the firm has not undertaken any extraordinary activities, the formula is simply: item 34 (total revenue) minus item 35 (total expenditure).
37	Profit/(Loss) on extraordinary activities before taxation	An extraordinary event is a one-off event that has either generated a significant profit or loss. Examples of an extraordinary activity would be the sale of a building, or the purchase of new premises. This figure should be calculated using the following formula:  Total revenue obtained as a result of the extraordinary activities - total expenditure caused as a result of extraordinary activities.
38	Taxation	The firm should estimate the tax that will be payable on its profits, and insert that figure in this field.
39	Profit/(Loss) for the period before dividends and appropriations	This figure should be calculated using the following formula: item 34 (total revenue) - item 35 (total expenditure) - item 38 taxation.
40	Dividends and other appropriations	Dividends and other appropriations include dividends paid to shareholders, staff bonuses, wages paid to self (sole trader) etc.
41	Retained Profit	Retained profit is calculated using the following formula: Item 39 (Profit/(Loss) for the period before dividends and appropriations) - item 40 (dividends and other appropriations).
42	Date of most recent annual report and accounts	State the date.
43	Please provide an attachment or the link to the publication of your most recent annual report and accounts.	Provide an attachment or state the link.
44	Number of Appointed Representatives ("ARs") registered with the firm, at the end of the reporting period, that are engaged in pre-paid funeral plan activities	State number of ARs.
45	Total revenue accrued by registered Appointed Representatives of the firm	State total revenue.

	from all pre-paid funeral plan activities during the reporting period	
46	Does the firm have appropriate systems and procedures to ensure that the activities of its ARs are effectively monitored and controlled	Answer 'yes' or 'no'.
47	Number of ARs that have been subject to monitoring visits by the firm during the reporting period	(For firms that have registered Appointed Representatives). State the number of ARs.
48	Number of ARs that have been subject to file reviews by the firm during the Reporting Period	(For firms that have registered Appointed Representatives). State the number of ARs.
49	Number of ARs that have been subject to financial checks by the firm during the reporting period	(For firms that have registered Appointed Representatives). State the number of ARs.
50	If your firm is incorporated, does your firm qualify for the Companies House small firms' exemption from having its accounts audited	Answer 'yes' or 'no'.
51	If the firm is required to submit audited accounts, please report the date on which your accounts were last audited	State the date, if applicable.
52	Annual income	A firm's annual income refers to all income received or receivable, whether arising from the firm's permitted activities or not, as reported in its most recent audited annual financial statements. Please see FPCOBS 15.8 (Calculation of annual income).
53	Base requirement	Guidance not required. Note that this differs for funeral plan providers and funeral plan intermediaries.
54	2.5% of annual income	This figure should be calculated using the following formula: item 52 (annual income) x 0.025.
55	Core capital Resources Requirement	This is the higher of: item 53, and item 54. See FPCOB 15.5.1R
56	Share capital	As per FPCOB 15.9.3R, this includes 'ordinary share capital' and 'preference share capital (excluding preference shares redeemable by shareholders within two years)'. This must be fully paid.
57	Reserves	This is the accumulated total of all retained profit, and other reserves created by appropriations of share premiums and similar realised appropriations. Reserves would also include gifts of

		capital, for example, from a parent undertaking. See also FPCOB 15.9.3R, including for adjustments that firms must make to its reserves, where appropriate.
58	Interim net profits	This figure is the total interim profits net of tax, anticipated dividends or proprietors' drawings and other appropriations. See FPCOB 15.9.3R
59	Revaluation reserves	These are unrealised reserves arising from the revaluation of fixed assets.
60	Eligible subordinated loans	Eligible subordinated loans - a subordinated loan/debt must not form part of the capital resources for the core capital resources requirement of the firm unless it meets the conditions set out in FPCOB 15.9.8R.
61	Less investments in own shares	Any 'investments' in the balance sheet which are invested in the firm's own shares must be inserted in this box for deduction.
62	Less intangible assets	Intangible assets are assets that are not physical. For example, goodwill, copyrights, patents and intellectual property. This should be the same figure inserted in Question 1.
63	Less interim net losses	These should be inserted in this box when they have not already been incorporated into the 'reserves'.
64	Total Core Capital Resources	This is calculated using the following formula: item 56 (share capital) + item 57 (reserves) + item 58 (interim net profits) + item 59 (revaluation reserves) + item 60 (eligible subordinated loans) - item 61 (investments in own shares) - item 62 (intangible assets) - item 63 (interim net losses).
65	Capital of a sole trader or partnership	This is the total net balance on the firm's capital accounts and current account. See FPCOB 15.9.3R.
66	Eligible subordinated loans	Eligible subordinated loans - A subordinated loan/debt must not form part of the capital resources for the core capital resources requirement of the firm unless it meets the conditions set out in FPCOB 15.9.8R.
67	Personal assets not needed to meet non-business liabilities	Sole traders and partnerships may use personal assets as eligible capital unless: i) these assets are being used to meet liabilities relating to other non-FCA activities (including personal and other business activities); or ii) the firm holds client money or other client assets.
68	Less intangible assets	Intangible assets are assets that are not physical. For example, goodwill, copyrights, patents and intellectual property.  This should be the same figure inserted in Question 1.

69	Less interim net losses	These should be inserted in this box when they have not already been incorporated into the firm's capital or current accounts.
70	Less excess of drawings over profits for a sole trader or partnership	Firms should include any excess capital removed from the firm over and above any profit made by the firm for deduction.
71	Total Core Capital Resources	This is calculated using the following formula: item 65 (capital of a sole trader or partnership) + item 66 (eligible subordinated loans) + item 67 (personal assets not needed to meet non-business liabilities) - item 68 (intangible assets) - item 69 (interim net losses) - item 70 (excess of drawings over profits for a sole trader or partnership)
72	Core Capital Resources Surplus/(Deficit)	This is calculated using the following formula: item 64 or 71 (total core capital resources) - item 55 (core capital resources requirement).

...

**TP 11A Bank of England and Financial Services Act 2016: Approved persons in solo-regulated firms**

**11A.1 Application, purpose and definitions**

...

11A.1.2 G ...

- (3) SUP TP 11A does not apply to a *firm* that becomes a **solo-regulated SMCR firm** after the **commencement date**. There is a limited exception to this in SUP TP 11A.24 (Claims management firms) for a *firm* that still has a *claims management temporary permission* at the **commencement date**.

...



## Annex K

### Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

#### 1 Treating complainants fairly

##### 1.1 Purpose and application

Purpose

...

1.1.10 R In relation to a *firm*'s obligations under this chapter, references to a *complaint* also include an expression of dissatisfaction which is capable of becoming a: ~~relevant new complaint, a relevant transitional complaint, a relevant new credit-related complaint, or a relevant new claims management complaint.~~

(1) relevant new complaint;

(2) relevant transitional complaint;

(3) relevant new credit-related complaint;

(4) relevant new claims management complaint; or

(5) relevant transitional funeral plan complaint.

...

##### 1.10 Complaints reporting rules

1.10.1 R (1) Unless (2) applies, twice a year a *firm* must provide the *FCA* with a complete report concerning *complaints* received from *eligible complainants*.

(2) If a *firm*:

(a) ...

(b) has permission to carry on only ~~regulated claims management activities;~~

(i) regulated claims management activities; or

(ii) regulated funeral plan activities,

the *firm* must provide the *FCA* with a complete report concerning *complaints* received from *eligible complainants* once a year.

- (3) The report required by (1) and (2) must be set out in the format in:
- (a) *DISP* 1 Annex 1R, in respect of *complaints* which do not relate to *regulated claims management activity* or any activity ancillary to *regulated claims management activity*; ~~and~~
  - (b) *DISP* 1 Annex 1ABR, in respect of *complaints* relating to *regulated claims management activity* or any activity ancillary to *regulated claims management activity*; and
  - (c) *DISP* 1 Annex 1ACR, in respect of *complaints* relating to *regulated funeral plan activities*.

...

...

1.10.2B R ...

1.10.2C R *DISP* 1 Annex 1ACR requires (for the relevant reporting period) information about:

- (1) in Table 1, the total number of *complaints* received by the *firm* and the main focus of the *complaints*;
- (2) in Table 2:
  - (a) the number of *complaints* that were closed or upheld within different time periods; and
  - (b) the total amount of redress paid by the *firm* in relation to *complaints* upheld and not upheld in the relevant reporting period.

1.10.3 G For the purposes of *DISP* 1.10.2R, *DISP* 1.10.2-AR, *DISP* 1.10.2AR, ~~and~~ *DISP* 1.10.2BR and *DISP* 1.10.2CR, when completing the return, the *firm* should take into account the following matters.

- (1) ...
- (2) Under *DISP* 1.10.2R(1)(b), *DISP* 1.10.2R(2)(b), *DISP* 1.10.2-AR, ~~or~~ *DISP* 1.10.2BR(2) or *DISP* 1.10.2CR(2), a *firm* should report information relating to all *complaints* which are closed and upheld within the relevant reporting period, including those resolved under *DISP* 1.5 (Complaints resolved by close of the third business day). Where a *complaint* is upheld in part, or where the *firm* does not have enough information to make a decision yet chooses to make a goodwill payment to the complainant, a *firm* should treat the *complaint* as upheld for reporting purposes. However, where

a *firm* rejects a *complaint* yet chooses to make a goodwill payment to the complainant, the *complaint* should be recorded as ‘rejected’.

- (3) If a *firm* reports on the amount of redress paid under *DISP* 1.10.2R(1)(b)(ii), *DISP* 1.10.2R(2)(b)(ii), *DISP* 1.10.2-AR(4), *DISP* 1.10.2AR, ~~or~~ *DISP* 1.10.2BR(2)(b) or *DISP* 1.10.2CR(2)(b), redress should be interpreted to include an amount paid, or cost borne, by the *firm*, where a cash value can be readily identified, and should include:

(a) ...

...

- (4) If a *firm* reports on the amount of redress paid under *DISP* 1.10.2R(1)(b)(ii), *DISP* 1.10.2R(2)(b)(ii), *DISP* 1.10.2-AR(4), ~~or~~ *DISP* 1.10.2AR or *DISP* 1.10.2CR(2)(b), the redress should not, however, include repayments or refunds of premiums which had been taken in error (for example where a *firm* had been taking, by direct debit, twice the actual premium amount due under a policy). The refund of the overcharge would not count as redress.

...

...

## 1.10A Complaints data publication rules

Obligation to publish summary of complaints data or total number of complaints

- 1.10A.1 R (1) Unless (1A) applies to the *firm*, where, in accordance with *DISP* 1.10.1R, a *firm* submits a report to the *FCA* reporting 500 or more *complaints*, it must publish a summary of the *complaints* data contained in that report (the *complaints* data summary).

(1A) (a) This paragraph applies to a *firm* which:

(i) has *permission* to carry on only *credit-related regulated activities* or to *operate an electronic system in relation to lending*; and

(ii) has revenue arising from those activities that is less than or equal to £5,000,000 a year.

(aa) This paragraph also applies to a *firm* which has *permission* to carry on only ~~*regulated claims management activities*~~:

(i) *regulated claims management activities*; or

(ii) *regulated funeral plan activities*.

...

...

**1 Annex 1B Complaints publication report**

...

Number of complaints opened by volume of business

Product / service grouping	Provision (at reporting period end date)	Intermediation (within the reporting period)	...	...	...	...	...	...
----------------------------	--	--	-----	-----	-----	-----	-----	-----

...

Claims management per 1000 claims in progress and/or leads generated

<u>Funeral plans</u>	<u>per 1000 plans in force</u>	<u>per 1000 plans sold</u>
----------------------	--------------------------------	----------------------------

...

**Note 1:** ...

...

**Note: 5** When a *firm* publishes the ‘main cause of complaints opened’, this should be the cause category prompting the largest number of complaints for the relevant product/service grouping in, as applicable, Table 4 of Part A-2, *DISP 1 Annex 1*, Table 1 of *DISP 1 Annex 1ABR* or Table 1 of *DISP 1 Annex 1ACR*

After DISP 1 Annex 1AB (Claims management complaints and redress return form) insert the following new Annex, DISP 1 Annex 1ACR. The text is not underlined.

**1 Annex      R      FPR-Complaints – Funeral Plans complaints return**  
**1AC**

**FPR-Complaints – Funeral Plans complaints return**

Group reporting

A

1	Does the data reported in this return cover complaints relating to more than one firm?  (NB: You should always answer "No" if your firm is not part of a group)	
2	If "Yes" then list the firm reference numbers (FRNs) of all of the additional firms included in this return.	

Nil return declaration

A

3	We wish to declare a nil return  (If yes, leave all questions on complaints activities, including contextualisation, blank.)	
---	--	--

Return details required

A

4	Total complaints outstanding at reporting period start date.	
5	Total number of complaints opened during the reporting period.	

Complaints data publication by FCA

A

6	If you are reporting 1000 or more complaints, do you consent to the FCA publishing the complaints data and information on context contained in this report in advance of the firm publishing the data itself?	
7	If "Yes", do you confirm that the complaints data and information on context contained in this report accurately reflects the information required to be published by the reporting firm under DISP?	

Contextualisation data

**Table 1**

		A	B	C	D	E	F
		Main cause of complaint					
Numbers of complaints during reporting period		Unsuitable advice	Dispute over fees/charges	Not carrying out instructions	Delays	Customer service	Other
8	Total number of complaints						

**Table 2**

Number of complaints closed, complaints upheld and amount of redress paid during the reporting period Redress paid: figures for redress paid should be to the nearest pound not to the nearest thousand pounds.		A
9	Complaints closed within 3 days	
10	Complaints closed within 8 weeks, but after more than 3 days	
11	Complaints closed after more than 8 weeks	
12	Total complaints closed	
13	Complaints upheld	
14	Redress paid for upheld complaints	
15	Redress paid for complaints not upheld	
16	Total redress paid	

Amend the following as shown.

## 2 Jurisdiction of the Financial Ombudsman Service

### 2.1 Purpose, interpretation and application

Purpose

2.1.1 G The purpose of this chapter is to set out *rules* and guidance on the scope of the *Compulsory Jurisdiction* and the *Voluntary Jurisdiction*, which are the *Financial Ombudsman Service's* two jurisdictions:

- (1) the *Compulsory Jurisdiction* is not restricted to *regulated activities, payment services*, issuance of *electronic money*, and *CBTL business* and covers:
  - (a) ...
  - (b) *relevant complaints* against former members of *former schemes* under the *Ombudsman Transitional Order*, the *Mortgage and General Insurance Complaints Transitional Order*, ~~and~~ the *Claims Management Order* and the *Funeral Plans Order*;

...

...

2.1.2 G *Relevant complaints* covered by the *Compulsory Jurisdiction* comprise:

- (1) ...
- ...
- (6) *relevant existing claims management complaints* referred to the *Legal Ombudsman* before 1 April 2019 and inherited by the *Financial Ombudsman Service* under the *Claims Management Order*; ~~and~~
- (7) *relevant new claims management complaints* about events which took place before 1 April 2019 but referred to the *Financial Ombudsman Service* on or after 1 April 2019 under the *Claims Management Order*; ~~and~~
- (8) *relevant transitional funeral plan complaints* about events which took place before 29 July 2022 but were referred to the *Financial Ombudsman Service* on or after 29 July 2022 in accordance with article 7 of the *Funeral Plans Order*.

...



## 2.3 To which activities does the Compulsory Jurisdiction apply?

...

Activities by firms and unauthorised persons subject to a former scheme

2.3.2 G The *Ombudsman* can also consider under the *Compulsory Jurisdiction*:

(1) ...

...

(2B) as a result of the *Funeral Plans Order*, a relevant transitional funeral plan complaint that relates to an act or omission by a firm or unauthorised person which was subject to a former scheme at the time of the act or omission;

...

(3) ...

...

...

## 2.5 To which activities does the Voluntary Jurisdiction apply?

2.5.1 R The *Ombudsman* can consider a *complaint* under the *Voluntary Jurisdiction* if:

(1) it is not covered by the *Compulsory Jurisdiction*; and

(2) it relates to an act or omission by a *VJ participant* in carrying on one or more of the following activities:

(a) ...

...

(c) activities, other than *regulated claims management activities* and activities ancillary to *regulated claims management activities*, which (at ~~30 April 2021~~ at 29 July 2022) would be covered by the *Compulsory Jurisdiction*, if they were carried on from an establishment in the *United Kingdom* (these activities are listed in *DISP 2 Annex 1G*);

...

(cb) an activity which would be a *regulated funeral plan activity* and would be covered by the *Compulsory Jurisdiction* if it were carried on in relation to a funeral in the *United Kingdom*.

...

...

...

2.5.3 G *DISP 2.5.1R(2)(a)* is for those that are subject to the *Compulsory Jurisdiction for regulated activities* but are not covered by ~~the *Ombudsman Transitional Order*, the *Mortgage and General Insurance Complaints Transitional Order*, or the *Claims Management Order*~~. any of the following:

(a) the *Ombudsman Transitional Order*,

(b) the *Mortgage and General Insurance Complaints Transitional Order*,

(c) the *Claims Management Order*, or

(d) the *Funeral Plans Order*.

It enables the *Financial Ombudsman Scheme* to cover *complaints* about earlier events relating to those activities before they became *regulated activities*.

...

## 2.6 What is the territorial scope of the relevant jurisdiction?

...

Voluntary Jurisdiction

...

2.6.4A G ...

2.6.4B G *Complaints about activities which would be regulated funeral plan activities* but which are not *regulated funeral plan activities* because, for example, the services are carried on in relation to a funeral outside of the *United Kingdom*, may be covered by the *Voluntary Jurisdiction* under *DISP 2.5.1R(2)(cb)*.

...

## 2.7 Is the complainant eligible?

...

Eligible complainants

...

2.7.8 G In the *Compulsory Jurisdiction*, under the *Ombudsman Transitional Order*, the *Mortgages and General Insurance Complaints Transitional Order*, ~~and~~ *Claims Management Order* and the *Funeral Plans Order*, where a complainant:

- (1) wishes to have a *relevant new complaint*, a *relevant transitional complaint*, ~~or~~ a *relevant new claims management complaint*, or a *relevant transitional funeral plan complaint* dealt with by the *Ombudsman*; and

...

...

...

## 2 Annex 1 Regulated Activities for the Voluntary Jurisdiction at ~~30 April 2021~~ 29 July 2022

This table belongs to *DISP 2.5.1R*

G The activities which were covered by the *Compulsory Jurisdiction* (at ~~30 April 2021~~ 29 July 2022) were:

- (1) ...

...

The activities which (at ~~30 April 2021~~ 29 July 2022) were *regulated activities* were, in accordance with section 22 of the *Act* (Regulated Activities), any of the following activities specified in Part II and Parts 3A and 3B of the *Regulated Activities Order* (with the addition of administering a benchmark):

- (1) ...

...

(39) *entering as provider into a funeral plan contract* (article 59);

(39A) *carrying out a funeral plan contract as provider* (article 59(1A));

...

...

## 3 Complaint handling procedures of the Financial Ombudsman Service

...

### 3.6 Determination by the Ombudsman

Fair and reasonable

...

- 3.6.5 G (1) Where the *Ombudsman* is determining what is fair and reasonable in all the circumstances of a *relevant new complaint*,<sup>2</sup> or a *relevant transitional complaint*,<sup>2</sup> or a *relevant new claims management complaint*, the *Ombudsman Transitional Order*, the *Mortgage and General Insurance Complaints Transitional Order* and the *Claims Management Order* make provision for ~~him~~ the Ombudsman to take into account what determination the *former Ombudsman* might have been expected to reach in relation to an equivalent complaint dealt with under the *former scheme* in question immediately before the relevant order came into effect.
- (2) Where the Ombudsman is determining what is fair and reasonable in all the circumstances of a relevant transitional funeral plan complaint, the Funeral Plans Order makes provision for the Ombudsman to take into account what determination the Funeral Planning Authority might have been expected to reach in relation to an equivalent complaint dealt with under the former scheme.

...

### 3.7 Awards by the Ombudsman

...

Money awards

...

- 3.7.3 G (1) Where the *Ombudsman* is determining what amount (if any) constitutes fair compensation as a money award in relation to a *relevant new complaint*, a *relevant transitional complaint*, or a *relevant new claims management complaint*, the *Ombudsman Transitional Order*, the *Mortgages and General Insurance Complaints Transitional Order*, and the *Claims Management Order* make provision for ~~him~~ the Ombudsman to take into account what amount (if any) might have been expected to be awarded by way of compensation in relation to an equivalent complaint dealt with under the *former scheme* in question immediately before the relevant order came into effect.
- (2) Where the Ombudsman is determining what amount (if any) constitutes fair compensation as a money award in relation to a relevant transitional funeral plan complaint, the Funeral Plans Order makes provision for the Ombudsman to take into account

what amount, if any, the *Funeral Planning Authority* might have been expected to award by way of compensation in relation to an equivalent complaint dealt with under the *former scheme*.

...

## TP1 Transitional provisions

### TP1.1 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
...	...	...	...	...	...
54	<u>DISP 1.10.1R</u> , <u>DISP 1.10.4AR</u> , <u>DISP 1.10.5R</u> and <u>DISP 1 Annex 1ACR</u>	<u>R</u>	<p>(1) This transitional provision applies where a <i>firm</i> with permission to carry on only <i>regulated funeral plan activities</i> is required to provide the <i>FCA</i> with its first report under <u>DISP 1.10.1R</u> in the form of <u>DISP 1 Annex 1ACR</u>.</p> <p>(2) No report is required under <u>DISP 1.10.1R</u> in the form of <u>DISP 1 Annex 1ACR</u> in respect of a period ending on an <i>accounting reference date</i> of the <i>firm</i> earlier than 29 October 2022.</p> <p>(3) If the <i>firm</i> does not provide a report in the form of <u>DISP 1 Annex 1ACR</u> under <u>DISP 1.10.1R</u> in respect of a period ending on an <i>accounting reference date</i> of the <i>firm</i> earlier than 29 October 2022, the first report in the form of <u>DISP 1 Annex 1ACR</u> provided under</p>	<u>From 29 July 2022</u>	<u>29 July 2022</u>

			<u>DISP 1.10.1R must cover the period from 29 July 2022 to the firm's first accounting reference date which occurs on or after 29 July 2023.</u>		
<u>55</u>	<u>DISP 2 and DISP 3</u>	<u>R</u>	<u>In DISP 2 and DISP 3, references to a "firm" or "firms" include unauthorised persons subject to the Compulsory Jurisdiction in relation to a relevant transitional funeral plan complaint in accordance with the Funeral Plans Order.</u>	<u>From 29 July 2022</u>	<u>From 29 July 2022</u>
<u>56</u>	<u>DISP 2 and DISP 3</u>	<u>G</u>	<u>Under the Funeral Plans Order, a relevant transitional funeral plan complaint is subject to the Compulsory Jurisdiction whether or not it is about a firm or an unauthorised person. Unauthorised persons are not subject to DISP 1, but references to "firm" in DISP 2 and DISP 3 include unauthorised persons subject to the Compulsory Jurisdiction in relation to a relevant transitional funeral plan complaint, where applicable.</u>	<u>From 29 July 2022</u>	<u>From 29 July 2022</u>
<u>57</u>	<u>DISP 1, DISP 2, DISP 3 and DISP 4</u>	<u>R</u>	<u>In relation to a relevant transitional funeral plan complaint, references in DISP 1, DISP 2, DISP 3 and DISP 4 to an "eligible complainant" include a person who is to be treated as an eligible complainant in accordance with the Funeral Plans Order and references to a complaint shall be construed accordingly.</u>	<u>From 29 July 2022</u>	<u>From 29 July 2022</u>

## Annex L

### Amendments to the Compensation sourcebook (COMP)

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

#### 1 Introduction and Overview

...

#### 1.3 Claimants

...

##### 1.3.3 G Areas of particular interest to claimants (see *COMP* 1.1.3G)

This Table belongs to *COMP* 1.1.3G.

...		
<b>Q2</b>	<b>How much compensation will I be offered?</b>	
<b>A2</b>	This depends on whether your <i>protected claim</i> is:	
	(1)	[deleted]
	...	
	(6)	a <i>claim</i> in connection with <i>protected debt management business</i> ; <u>or</u>
		<i>COMP</i> 5.8
	(7)	a <i>claim</i> in connection with <u><i>protected funeral plan business</i></u> .
		<u><i>COMP</i> 5.9</u>
	...	
<b>Q3</b>	<b>How will the FSCS calculate the compensation that is offered to me?</b>	
<b>A3</b>	Again, this will depend on whether your <i>protected claim</i> is:	
	(1)	[deleted]
	...	

	<u>(6)</u>	a <i>claim</i> in connection with <i>protected debt management business</i> ; or	<i>COMP</i> 12.4.21AR
	<u>(7)</u>	a <i>claim</i> in connection with <i>protected funeral plan business</i> .	<i>COMP</i> 12.4.21BR

...

## 5 Protected claims

...

### 5.2 What is a protected claim?

5.2.1 R A *protected claim* is:

(1) ...

...

(6) a *claim* in connection with *protected debt management business* (see *COMP* 5.8); or

(7) a *claim* in connection with *protected funeral plan business* (see *COMP* 5.9).

...

Claims in respect of successors

5.2.4 G Where a claim for compensation is in respect of a *claim* against a *successor*, the following rules apply to the *relevant person* for whose liabilities the *successor* has assumed responsibility (or to such *relevant person's* activities, as the case may be):

(1) ...

...

(6) *COMP* 5.7.2R; and

(7) *COMP* 5.8.1R; and

(8) *COMP* 5.9.1R and *COMP* 5.9.2R.



...

## **5.9** **Protected funeral plan business**

5.9.1 R *Protected funeral plan business is a regulated funeral plan activity carried on by a relevant person from an establishment maintained by the relevant person (or its appointed representative) in the United Kingdom.*

5.9.2 R *COMP 5.9.1R does not apply in relation to a claim against an intermediary (or where applicable, their successor) where the eligible claimant did not deal initially with an intermediary that was established in the United Kingdom.*

### Advising without a personal recommendation

5.9.3 R *The FSCS must treat a claim relating to advice in relation to a funeral plan contract that falls outside article 53(1) of the Regulated Activities Order by virtue of article 53(1A) of that Order as being ‘in connection with protected funeral plan business’ for the purposes of COMP 5.2.1R(7) where the relevant person giving the advice, at the time the act or omission giving rise to the claim took place:*

- (1) had, or required, permission to carry on; or
- (2) (in the case of an appointed representative) was exempt from the general prohibition in respect of,  
  
an activity that was protected funeral plan business.

...

## **8** **Rejection of application and withdrawal of offer**

...

### **8.2** **Rejection of application for compensation**

...

#### Limitation periods and claims extinguished by operation of law

...

8.2.4 R *For claims made in connection with protected investment business, protected home finance mediation, protected non-investment insurance distribution, ~~or~~ protected debt management business or protected funeral plan business, the FSCS may disregard a defence of limitation where the FSCS considers that it would be reasonable to do so.*

...

8.2.5 R For claims made in connection with *protected investment business*, *protected non-investment insurance distribution*, *protected home finance mediation*, ~~or~~ *protected debt management business* or protected funeral plan business, if a *relevant person* (or where applicable, a *successor*), incorporated as a *company*, has been dissolved with the result that its liability to the claimant has been extinguished by operation of law, the *FSCS* must treat the claim, for the purposes of paying compensation, as if the *relevant person* or a *successor*, as appropriate, had not been dissolved.

...

## 9 Time limits on payment and postponing payment

...

### 9.2 When must compensation be paid?

...

9.2.2 R The *FSCS* may postpone paying compensation if:

(1) ...

(2) in the case of a *claim* relating to *protected investment business* which is not an *ICD claim*, a *claim* relating to *protected home finance mediation*, a *claim* relating to *protected non-investment insurance distribution* ~~or~~, a *claim* relating to *protected debt management business* or a claim relating to protected funeral plan business, the *FSCS* considers that the claimant should first exhaust ~~his~~ their rights against the *relevant person* (or, where applicable, a *successor*) or any third party, or make and pursue an application for compensation to any other *person*; or

...

...

## 10 Limits on the amount of compensation payable

...

### 10.2 Limits on compensation payable

...

10.2.3 R Table Limits

This table belongs to *COMP* 10.2.1R

Type of claim	Level of Cover	Maximum Payment
...	...	...
<i>Protected debt management business</i>	100% of <i>claim</i>	£85,000
<u><i>Protected funeral plan business</i></u>	<u>100% of <i>claim</i></u>	<u>£85,000</u>

...

## 11 Payment of compensation

...

### 11.2 Payment

To whom must payment be made?

- 11.2.1A R If the *FSCS* determine that compensation is payable (or any recovery or other amount is payable by the *FSCS* to the claimant), it must pay it to the claimant, or if the *FSCS* so decides, as directed by the claimant, unless *COMP* 1.2.2R, or *COMP* 11.2.2AR or *COMP* 11.2.2CR apply.

#### Certain protected investment business claims

- 11.2.2 R ...

#### Collective investment scheme claims

- 11.2.2A R ...

...

#### Protected funeral plan business claims

- 11.2.2C R Where a claimant has a *protected funeral plan business claim* the *FSCS* may pay compensation (and any recovery or other amount payable by the *FSCS* to the claimant) to any other *person* on such terms and on such conditions as it thinks fit.

- 11.2.2D G *COMP* 3.2.2R permits the *FSCS* to pay compensation to a *person* who makes a *claim* on behalf of another *person* where certain conditions are satisfied. This includes payment to the personal representatives who make a *claim* on behalf of the deceased (see *COMP* 3.2.3G)(1)). *COMP* 11.2.2CR permits the *FSCS* to pay compensation to any other *person* who it considers should receive the compensation. For example, this may be to a funeral services provider directly where the funeral services

provider has incurred expenses in providing funeral services under the funeral plan contract and is yet to be reimbursed.

...

## 12 Calculating compensation

...

### 12.3 Quantification date

...

Protected debt management business

12.3.9 R ...

Protected funeral plan business

12.3.10 R For a claim made in connection with protected funeral plan business, the FSCS must determine a specific date as the quantification date, and this date may be either on, before or after the date of determination of default.

### 12.4 The compensation calculation

...

Protected debt management business

12.4.21A R The FSCS may pay compensation for any claim made in connection with protected debt management business only to the extent that the FSCS considers that the payment of compensation is essential to provide the claimant with fair compensation.

Protected funeral plan business

12.4.21B R The FSCS may pay compensation for any claim made in connection with protected funeral plan business only to the extent that the FSCS considers that the payment of compensation is essential to provide the claimant with fair compensation.

...

## TP 1 Transitional Provisions

### TP 1.1 Transitional Provisions Table

(1)	(2)	(3)	(4)	(5)	(6)
-----	-----	-----	-----	-----	-----

	<b>Material to which the transitional provision applies</b>	<b>Transitional Provision</b>	<b>Transitional provision: dates in force</b>	<b>Handbook Provisions: coming into force</b>
...				
<u>48</u>	<u>Amendments introduced by the Funeral Plans Instrument 2021</u>	<u>R</u>	<u>The changes referred to in (2) do not apply in relation to a <i>claim</i> against a <i>relevant person</i>, or against a <i>successor</i>, that was in default before [date] nor, in relation to <i>claims</i> in connection with <i>protected funeral plan business</i>, where the relevant act or omission occurs before <u>29 July 2022</u>.</u>	<u>From 29 July 2022 indefinitely</u> <u>29 July 2022</u>

## Annex M

### Funeral Plan: Conduct of Business sourcebook (FPCOB)

In this Annex, all the text is new and is not underlined.

#### Funeral Plan: Conduct of Business sourcebook (FPCOB)

#### 1 Application and purpose

##### 1.1 Application and purpose

###### Application

- 1.1.1 G (1) The Funeral Plan: Conduct of Business sourcebook (*FPCOB*) is the specialist sourcebook for *regulated funeral plan activities*.
- (2) *FPCOB* is relevant both to *funeral plan providers* and *funeral plan intermediaries*.
- (3) *FPCOB* applies as described in this chapter unless the application of a chapter, a section or a *rule* is described differently in the chapters, sections or *rules* in *FPCOB*.

###### Purpose

- 1.1.2 G The purpose of *FPCOB* is to set out the detailed obligations that are specific to *regulated funeral plan activities* and the connected activities carried on by *firms*. *FPCOB* 17 refers to other high-level obligations in the *FCA Handbook* that apply to *firms*, for example, *PRIN*, *GEN* and *SYSC*.

##### 1.2 General application: who? what? where?

###### Providing funeral plan contracts

- 1.2.1 R This sourcebook applies to a *firm* with respect to the activities of:
- (1) *entering as provider into a funeral plan contract*; and
- (2) *carrying out a funeral plan contract as provider*; and
- activities connected with them.
- 1.2.2 G The regulated activities of *entering as provider into a funeral plan contract* and *carrying out a funeral plan contract as provider* apply in relation to *funeral plan contracts* under which the provider undertakes to provide, or secure that another *person* provides, a funeral in the *United Kingdom* (article 59(2) of the *Regulated Activities Order* and see *PERG 2.4.2AG*).

#### Distributing funeral plan contracts: firms and appointed representatives

- 1.2.3 R This sourcebook applies to a *firm* with respect to *funeral plan distribution* and activities connected with *funeral plan distribution*.
- 1.2.4 R A *firm* (including a *funeral plan provider*) that has appointed an *appointed representative* to carry on *funeral plan distribution* must ensure that its *appointed representative* complies with this sourcebook as it applies to a *firm* carrying on *funeral plan distribution*.
- 1.2.5 G A *funeral plan provider* that wishes to appoint an *appointed representative* to distribute its *funeral plan contracts* should ensure that the *regulated activities* covered by the *appointed representative's* appointment fall within the scope of the *firm's Part 4A permissions* or are otherwise excluded from being *regulated activities* when carried on by the *firm* (see SUP 12.4.1AG).

#### Financial promotions

- 1.2.6 R This sourcebook applies to a *firm*:
- (1) *communicating a financial promotion* in relation to a *funeral plan contract* or a *regulated funeral plan activity* to a *person* inside the *United Kingdom*; and
  - (2) *approving a financial promotion* in relation to a *funeral plan contract* or a *regulated funeral plan activity* for *communication* to a *person* inside the *United Kingdom*.

#### Modifications to the general application rules

- 1.2.7 R The general application *rules* in this section are modified:
- (1) in the chapters of this sourcebook for particular purposes, including those relating to the type of *firm* and its activities; and
  - (2) in FPCOB 1 Annex 1 according to the type of *firm*.

#### New and subsisting funeral plans

- 1.2.8 R All of the *rules* in this sourcebook apply in relation to *new funeral plans*, unless otherwise stated.
- 1.2.9 R The *rules* in certain sections of this sourcebook also apply in relation to *subsisting funeral plans*.

#### Application to Gibraltar-based firms

- 1.2.10 R A *Gibraltar-based firm* with *permission* for *funeral plan provision activity* or *funeral plan distribution* must comply with the relevant provisions of

*FPCOB* and any other provisions in the *Handbook* relating to *regulated funeral plan activity*.

Guidance on application

1.2.11 G *Guidance* on the application provisions is in *FPCOB* 1 Annex 1.

Customers and covered individuals

1.2.12 G (1) In this sourcebook, *rules* may apply by reference to the *customer* or *covered individual* under a *funeral plan contract*, or to both.

(2) The definition of *customer* includes a prospective *customer* under a *funeral plan contract*.

(3) Reference to the *covered individual* is to the *individual* on whose death a funeral will be provided or secured under a *funeral plan contract* or prospective *funeral plan contract*. The *covered individual* under a *funeral plan contract* will not necessarily be the same *person* as the *customer* (article 59(2)(b) of the *Regulated Activities Order*).

1.2.13 G Where the *rules* in this sourcebook require a *firm* to disclose information to a *customer*, the *firm* should also consider:

(1) whether it should disclose the same information to the *covered individual* (where different from the *customer*) in accordance with its obligations under *Principle 7*; and

(2) if it considers that disclosure should be made to the *covered individual*, whether it requires the consent of the *customer* in order to make that disclosure.

Interpretation – “concluding” funeral plan contracts

1.2.14 G Certain *rules* in this sourcebook apply by reference to the conclusion of a *funeral plan contract*, which means the entering into of the *funeral plan contract*.

**1 Annex 1 Application (see FPCOB 1.2.11G)**

Application to different types of firm			
<b>1</b>	<b>Application to funeral plan providers and intermediaries</b>		
1.1	G	(1)	Certain sections of this sourcebook apply differently to <i>funeral plan providers</i> and <i>funeral plan intermediaries</i> . This table summarises which sections of this sourcebook are relevant to <i>funeral plan providers</i> , which are relevant to <i>funeral plan intermediaries</i> and which are relevant to both.



		(2)	A <i>funeral plan provider</i> that has appointed an <i>appointed representative</i> to distribute <i>funeral plan contracts</i> will need to consider the sections of this sourcebook which are relevant to <i>funeral plan intermediaries</i> in relation to the activities of its <i>appointed representatives</i> .
<b>2</b>	<b>Third party processors</b>		
2.1	R	(1)	This <i>rule</i> applies where a <i>firm</i> (or its <i>appointed representative</i> ) (“A”) has outsourced <i>funeral plan distribution</i> to a <i>third party processor</i> .
		(2)	Any <i>rule</i> in this sourcebook which requires the <i>third party processor</i> , when acting as such, to disclose its identity to a <i>customer</i> must be read as applying to the <i>third party processor</i> only to the extent that it applies to A and as requiring disclosure of A’s identity.

## 2 General matters

### 2.1 General principles

#### Application

- 2.1.1 R (1) This section applies to a *firm* in relation to its *regulated funeral plan activity*.
- (2) This section applies in relation to a *firm’s customers* under *subsisting funeral plans*, unless otherwise stated.

#### The customer’s best interests rule

- 2.1.2 R A *firm* must act honestly, fairly and professionally in accordance with the best interests of:
- (1) its *customer*; and
- (2) if different, the *covered individual*.

#### Exclusion of liability

- 2.1.3 R A *firm* must not seek to exclude or restrict, or rely on any exclusion or restriction of, any duty or liability it may have to a *customer* or *covered individual* unless it is reasonable for it to do so and the duty or liability arises other than under the *regulatory system*.
- 2.1.4 G The general law, including the *Unfair Terms Regulations* (for contracts entered into before 1 October 2015) and the *CRA*, also limits the scope for a *firm* to exclude or restrict any duty or liability to a *consumer*.

## Reliance on others

- 2.1.5 G (1) Where it is compatible with the nature of the obligation imposed by a particular *rule*, including the *customer's best interests rule*, and with the *Principles*, in particular *Principles* 1 (Integrity), 2 (Skill, care and diligence) and 3 (Management and control), *firms* may rely on third parties in order to comply with the *rules* in this sourcebook.
- (2) For example, where a *rule* requires a *firm* to take reasonable steps to achieve an outcome, it will generally be reasonable for a *firm* to rely on information provided to it in writing by an unconnected *authorised person* or a *professional firm*, unless it is aware or ought reasonably to be aware of any fact that would give reasonable grounds to question the accuracy of that information. However, a *firm* cannot delegate its responsibility under the *regulatory system*. For example, where a *rule* imposes an absolute obligation (such as the requirement on a *funeral plan provider* in *FPCOB* 14.1.4R regarding the services required for a *funeral plan contract*) although a *firm* could use outsourcing arrangements to fulfil its obligation, it retains regulatory responsibility for achieving the outcome required.

## Record keeping

- 2.1.6 G (1) This sourcebook, other than *FPCOB* 4, *FPCOB* 6.4.18R and *FPCOB* 15, does not generally have detailed record-keeping requirements: *firms* will need to decide what records they need to keep in line with the high-level record-keeping requirements and their own business needs.
- (2) In order to deal with requests for information from the *FCA*, as well as queries and complaints from *customers* and *covered individuals*, *firms* may require evidence of matters such as:
- (a) the reasons for *personal recommendations*;
  - (b) what documentation has been provided to a *customer* or *covered individual*; and
  - (c) how redemptions have been settled and why.
- (3) A *firm* may be subject to record-keeping requirements elsewhere in the *FCA Handbook*, including in:
- (a) the Training and Competence sourcebook (*TC*) (see *TC* 3.1.1R);
  - (b) the Senior Management Arrangements, Systems and Controls sourcebook (*SYSC*) (see *SYSC* 9.1.1R, *SYSC* 10.1.6R and *SYSC* 28A.3.1R); and

- (c) chapter 7 of the Product Intervention and Product Governance sourcebook (*PROD*) when *manufacturing* or *distributing a funeral plan product*.

## 2.2 Inducements

- 2.2.1 G (1) *Principle 8* requires a *firm* to manage conflicts of interest fairly, both between itself and its *customers* and between a *customer* and another *client*. This principle extends to soliciting or accepting inducements where this would conflict with a *firm's* duties to its *customers*. A *firm* that offers such inducements should consider whether doing so conflicts with its obligations under:
  - (a) *Principles 1* and *6* to act with integrity and treat *customers* fairly; and
  - (b) the *customer's best interests rule*.
- (2) An inducement is a benefit offered to a *firm*, or any *person* acting on its behalf, with a view to that *firm*, or that *person*, adopting a particular course of action. This can include, but is not limited to, cash, cash equivalents, *commission*, goods, hospitality or training programmes.
- (3) *Firms* should also refer to the *rules* on charging for funeral plan distribution and payments to *funeral plan intermediaries* (*FPCOB 6.4* and *FPCOB 6.5*).

## 2.3 Customers with a payment shortfall

### Application

- 2.3.1 R This section applies to a *funeral plan provider* dealing with a *customer* that has:
    - (1) an *instalment payment funeral plan* entered into on or after 29 July 2022; and
    - (2) a *payment shortfall* in relation to that *instalment payment funeral plan*.
  - 2.3.2 G In relation to a *subsisting funeral plan*, a *funeral plan provider* should deal with *customers* fairly and, as far as possible, in a manner that is compatible with the *customer's best interests rule*.
- Purpose
- 2.3.3 G This section amplifies *Principle 6* (*Customers' interests*) in respect of the information and service that *firms* should provide to *customers* who have payment difficulties or shortfalls.

## Dealing fairly with customers with a payment shortfall

- 2.3.4 R The *firm* must deal fairly with the *customer* in relation to the *payment shortfall*.
- 2.3.5 R Where the *customer* has a *payment shortfall* of 2 consecutive payments, the *firm* must, as soon as possible, and in any event within 5 *business days* of the second missed payment, provide the *customer* with a statement in a *durable medium* of:
- (1) the individual payments due;
  - (2) the total amount of the *payment shortfall*; and
  - (3) information on the consequences and potential consequences under the *funeral plan contract*, if the *payment shortfall* is not settled within 10 *business days* of the date of the *customer* communication.
- 2.3.6 R The *firm* must allow the *payment shortfall* to be settled within 10 *business days* of the date of the communication, without penalty.
- 2.3.7 R The *firm* must not impose a *fee* on the *customer* for incurring or correcting the *payment shortfall*.
- 2.3.8 R The *firm* must not cancel the *funeral plan contract* on the basis of a *payment shortfall* unless:
- (1) The *customer*:
    - (a) has a *payment shortfall* of at least 2 consecutive payments; and
    - (b) has failed to settle the *payment shortfall* in accordance with the terms of the statement provided by the *firm* for the purposes of *FPCOB 2.3.5R*; or
  - (2) *FPCOB 13.2.3R* applies.
- 2.3.9 R If the *firm* does not cancel the *funeral plan contract* on the basis of a *payment shortfall*, it must provide the *customer* with a further statement in accordance with the requirements of *FPCOB 2.3.5R* following each further consecutive missed payment.
- 2.3.10 R A *firm's* obligation to maintain insurance arrangements in accordance with *FPCOB 3.1.8R* continues despite any *payment shortfall*.

## **3 Structure Provisions - arrangements underpinning a funeral plan contract**

### **3.1 Application: general**

- 3.1.1 R This section applies to a *firm*:

- (1) *entering as provider into a funeral plan contract; and*
- (2) *carrying out a funeral plan contract as provider in relation to a new funeral plan contract.*

Application: subsisting funeral plans

3.1.2 G The *FCA* encourages *firms* which carry out *subsisting funeral plans* underpinned by existing trust arrangements or insurance contracts, and the relevant trustees and insurers, to work together to seek to amend those arrangements to bring them into line with the arrangements in this chapter.

3.1.3 R In relation to a *subsisting funeral plan*:

- (1) under which the *funeral plan provider* undertakes to secure that sums paid by the *customer* under the contract will be held on trust for the purpose of providing the funeral; and
- (2) where the trust instrument or such contract have been substantively amended on or after 2 March 2021 so that their terms (post-amendment) meet any of the applicable requirements in this section or the funeral plan resolution rules in *FPCOB* 16,

a *firm* carrying out that contract as provider must, to the extent within its powers, comply with this section from 29 July 2022 or the point in time that the amendment is made if later.

Primary purpose

3.1.4 R The *rules* and *guidance* in this section must be construed in accordance with the *primary purpose*.

3.1.5 R The *primary purpose* is to ensure that *funeral plan contracts* are underpinned by robust trust or insurance arrangements that will enable the provision, at the relevant time, of funerals in accordance with the terms of the *funeral plan contracts*.

Arrangements underpinning funeral plan contracts

3.1.6 R In relation to each *funeral plan contract*, a *funeral plan provider* must either:

- (1) purchase, or arrange the purchase of, a *contract of insurance* from an authorised *insurer* on the life of the *covered individual* that is sufficient for the purpose of providing the agreed funeral; or
- (2) arrange for such proportion of sums paid by the *customer* under the *funeral plan contract* that is sufficient for the purpose of providing the agreed funeral to be held on trust,

as soon as reasonably practicable after receipt of monies from the *customer*, *appointed representative* or *funeral plan intermediary*.

- 3.1.7 G When purchasing a *contract of insurance* or determining what proportion of sums paid by the *customer* under the *funeral plan contract* should be held on trust, a *funeral plan provider* should take into account its obligations under *FPCOB 7* to provide a funeral under an *instalment payment funeral plan* before all instalments have been paid.

Requirements in relation to contracts of insurance

- 3.1.8 R [*Editor's note*: Deliberately left blank pending the possibility of new rules currently being consulted on.]

Requirements in relation to trusts

- 3.1.9 R [*Editor's note*: Deliberately left blank pending the possibility of new rules currently being consulted on.]

- 3.1.10 R [*Editor's note*: Deliberately left blank pending the possibility of new rules currently being consulted on.]

Safeguarding – obligations in relation to money received from a customer, trust or insurance provider

- 3.1.11 R [*Editor's note*: Deliberately left blank pending the possibility of new rules currently being consulted on.]

- 3.1.12 G [*Editor's note*: Deliberately left blank pending the possibility of new guidance currently being consulted on.]

Systems and controls

- 3.1.13 G *Firms* are reminded of *Principle 3* which provides that a *firm* must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.

- 3.1.14 R
- (1) A *firm* must ensure that the systems and controls, including procedures and arrangements, used to comply with the requirements in this chapter are adequate, effective and appropriate for the scale and nature of its business.
  - (2) Sub-paragraph (1) applies in particular to systems and controls concerning:
    - (a) the adequacy of the trust and insurance arrangements that a *firm* must put in place in accordance with *FPCOB 3.1.6R*;
    - (b) whether a proposed price for a *funeral plan contract* is likely to lead to, as applicable, an under-funded trust arrangement or an

insufficient insured sum to provide the funeral contracted for;  
and

- (c) the price of the *funeral plan contract*, bearing in mind the cost of the funeral to the *firm*.

3.1.15 R A *firm's* systems and controls must be developed to:

- (1) factor in the risk of inflation when considering pricing decisions; and
- (2) if applicable, factor in the volatility of trust assets.

### 3.2 Trusts: solvency assessment, remediation and other requirements

Application

3.2.1 R This section applies to a *funeral plan provider* in relation to *funeral plan contracts* (including *subsisting funeral plans*) under which sums paid by the *customer* are held on trust for the purpose of providing the funeral.

Solvency assessment report

Annual preparation of solvency assessment report

3.2.2 R A *funeral plan provider* must arrange for a *solvency assessment report* to be produced at least once every 12 *months* by an actuary who is a fellow of the Institute and Faculty of Actuaries.

Contents of solvency assessment report

3.2.3 R The *solvency assessment report* must:

- (1) within 12 *months* of the:
  - (a) last report obtained by the *funeral plan provider*; or
  - (b) trust being established,determine, calculate and verify the assets and liabilities of the trust by applying a *best estimate* basis;
- (2) include, as a minimum, the following information:
  - (a) the actuarial valuation date;
  - (b) an actuarial valuation of the assets and liabilities of the trust;
  - (c) the solvency level of the trust (ratio of trust assets over trust liabilities as a percentage) on a *best estimate* basis;
  - (d) the assumptions adopted with respect to the valuation of the trust assets and trust liabilities;

- (e) the number of undrawn or live plans categorised by payment method;
  - (f) the total plan values in relation to undrawn or live plans categorised by payment method;
  - (g) the average plan value categorised by payment method;
  - (h) the investment of trust assets at fair value by asset class at the actuarial valuation date;
  - (i) the investment of trust assets at fair value by investment manager at the actuarial valuation date;
  - (j) the level of all monies deducted from the trust over the period and identification of how the deductions have been spent; and
  - (k) the details of any liability sub-contracted to funeral services providers;
- (3) be produced taking account of any relevant actuarial professional and technical standards, guidance and codes;
  - (4) be published by the *funeral plan provider* on its website within 30 *days* of the date on which the actuary completes the valuation and, in any case, no later than 6 weeks from the date an actuary is appointed to produce a *solvency assessment report*; and
  - (5) be made available free of charge on request.
- 3.2.4 R (1) For the purposes of *FPCOB* 3.2.3R(2)(b), the liabilities of the trust should be assessed against *FPCOB* 3.1.6R(2).
- (2) For the purposes of *FPCOB* 3.2.3R(2)(e), (f) and (g), the payment method should be categorised into:
- (i) single payments;
  - (ii) instalment payments fully paid; and
  - (iii) instalment payments not fully paid.
- (3) For the purposes of *FPCOB* 3.2.3R(2)(k), details of any liability sub-contracted to funeral services providers may include inflation.

#### Sending the solvency assessment report to the FCA

- 3.2.5 R (1) A *funeral plan provider* must send a copy of the *solvency assessment report* to the *FCA* within 7 *days* of it being received by the *funeral plan provider*.



- (2) If the *solvency assessment report* concludes that the assets of the trust are not sufficient to cover the liabilities of the trust, the *funeral plan provider* must provide a notification of that fact with the *solvency assessment report* at the same time as providing a copy of the *solvency assessment report*, in accordance with SUP 15.7.1R.

#### When a remediation plan is required

- 3.2.6 R If a *solvency assessment report* concludes that the assets of the trust are not sufficient to cover the liabilities of the trust, a *funeral plan provider* must prepare a *remediation plan* that is approved by an actuary who is a fellow of the Institute and Faculty of Actuaries.

#### Contents of the remediation plan

- 3.2.7 R The *funeral plan provider* must ensure the *remediation plan* sets out the following:
- (1) how the deficit in the trust that has been identified by the *solvency assessment report* will be remedied before the next annual *solvency assessment report* is due; and
  - (2) any assumptions that have been made in relation to any of the remedial steps or actions that the *funeral plan provider* intends to implement to remedy the deficit in the trust.

#### Sending the remediation plan to the FCA

- 3.2.8 R The *funeral plan provider* must submit the *remediation plan* to the FCA for review, in accordance with SUP 15.7.1R, as soon as possible and no later than 30 days from the submission date of the relevant *solvency assessment report* to the FCA.

#### Implementing the remediation plan

- 3.2.9 The *funeral plan provider* must begin to implement the *remediation plan*:
- (1) as soon as possible and in any event within 30 days of submitting it to the FCA;
  - (2) in accordance with the terms of the *remediation plan* (or any amendments agreed with the FCA or imposed by the FCA by requirement).

#### Failure of remediation plan: notification to the FCA

- 3.2.10 R A *funeral plan provider* that is in the process of implementing a *remediation plan* must:

- (1) notify the *FCA*, in accordance with *SUP 15.7.1R*, as soon as it suspects that it will not be able to fully implement the *remediation plan* in accordance with its terms; and
- (2) notify the *FCA*, in accordance with *SUP 15.7.1R*, immediately if the solvency level of the trust remains below 100% following the expiration of the *remediation plan*, which is the time at which the next *solvency assessment report* is due.

#### Obligation to remedy a trust deficit

- 3.2.11 R (1) If, following the expiration of the *remediation plan*, the assets of the trust remain insufficient to cover the liabilities of the trust, *the funeral plan provider* must remedy any shortfall using its own resources so that the solvency level of the trust is returned to 100% or more (when assessed on a *best estimate* basis).
- (2) The obligation in (1) must be fulfilled as soon as practicable and in any case within 3 *months* of the date the expiration of the *remediation plan*.
- (3) *The funeral plan provider* must notify the *FCA*, in accordance with *SUP 15.7.1R*, when the shortfall has been remedied.

#### Prohibition on the withdrawal of monies from a trust

- 3.2.12 R *A funeral plan provider* must not withdraw any surpluses from the trust except and only to the extent that:
- (1) the solvency level of the trust is above 110% when calculated on a *best estimate* basis; and
  - (2) the withdrawal has been approved by an actuary who is a fellow of the Institute and Faculty of Actuaries.

#### Sending trust accounts to the FCA

- 3.2.13 R *A funeral plan provider* must send a copy of the annual accounts of the trust to the *FCA* as part of its next financial report.

## 4 Communications and financial promotions

### 4.1 Application

- 4.1.1 R This section applies to a *firm*:
- (1) *communicating* with a *customer* or *covered individual* under a new *funeral plan* or *subsisting funeral plan* in relation to its *regulated funeral plan activity*; and

- (2) *communicating or approving a financial promotion* in relation to a *funeral plan contract* or a *regulated funeral plan activity* unless that *financial promotion* could lawfully be *communicated* by an *unauthorised person* without *approval*.

- 4.1.2 G A *firm* is required to comply with the *financial promotion rules* in relation to a *financial promotion communicated* by its *appointed representative* even where the *financial promotion* does not require *approval* because of the exemption in article 16 of the *Financial Promotion Order* (Exempt persons).

[Note: section 39 of the *Act*]

## 4.2 Communications and financial promotions: the obligations

Fair, clear and not misleading rule

- 4.2.1 R A *firm* must ensure that a communication or a *financial promotion* is fair, clear and not misleading.
- 4.2.2 G *FPCOB* 4.1.1R(2) does not limit the application of the *fair, clear and not misleading rule* under *FPCOB* 4.1.1R(1). So, for example, a *financial promotion* that could lawfully be *communicated* by an *unauthorised person* without *approval* will still be subject to the *fair, clear and not misleading rule* to the extent that it is a communication with a *customer* or *covered individual* in relation to *regulated funeral plan activity*.
- 4.2.3 G If a communication or a *financial promotion* names the *FCA*, the *PRA* or both as the regulator of a *firm* or other provider, and refers to matters not regulated by the *FCA*, the *PRA* or both, the *firm* should ensure that the communication or *financial promotion* makes clear that those matters are not regulated by the *FCA*, the *PRA* or both.
- 4.2.4 G Part 7 (Offences relating to Financial Services) of the Financial Services Act 2012 creates criminal offences relating to certain misleading statements and practices.

Financial promotions to be balanced and with appropriate warnings

- 4.2.5 R A *firm* must ensure that a communication or *financial promotion*:
- (1) includes the name of the *firm*;
  - (2) is accurate;
  - (3) is balanced and, in particular, does not emphasise any potential benefits without also giving a fair and prominent indication of any relevant risks;
  - (4) is appropriate for, and presented at a level and in a form that is comprehensible to the average *funeral plan customer*;

- (5) does not disguise, omit, diminish or obscure important items, statements or warnings; and
- (6) where it contains a comparison or contrast, presents the comparison or contrast in a fair and balanced way and ensures that it is meaningful.

4.2.6 G A *firm* should consider whether the omission of any relevant fact will result in a communication or *financial promotion* being insufficient, unclear, unfair or misleading.

#### Marketing communications

4.2.7 R A *firm* must ensure that a *financial promotion* in relation to a *funeral plan* or *regulated funeral plan activity* is clearly identifiable as such.

#### Approving financial promotions

- 4.2.8 R
- (1) Before a *firm* approves a *financial promotion*, it must take reasonable steps to ensure that the *financial promotion* complies with the *financial promotion rules*.
  - (2) If, subsequently, a *firm* becomes aware that a *financial promotion* no longer complies with the *financial promotion rules*, it must withdraw its *approval* and notify any *person* that it knows to be relying on its *approval* as soon as reasonably practicable.

4.2.9 R A *firm* must not *approve* a *financial promotion* to be made in the course of a personal visit, telephone conversation or other interactive dialogue.

#### The reasonable steps defence to an action for damages

4.2.10 R If, in relation to a particular communication or *financial promotion*, a *firm* takes reasonable steps to ensure it complies with the *fair, clear and not misleading rule*, a contravention of that *rule* does not give rise to a right of action under section 138D of the *Act*.

#### Cold calling

4.2.11 R A *firm* must not make a *cold call* unless the recipient has an established existing client relationship with the *firm* and the relationship is such that the recipient envisages receiving *cold calls*.

#### Promotions that are not in writing

4.2.12 R A *firm* must not *communicate* a solicited or unsolicited *financial promotion* that is not in writing, to a *client* outside the *firm's* premises, unless the *person communicating* it:

- (1) only does so at an appropriate time of the *day*;

- (2) identifies themselves and the *firm* they represent at the outset and makes clear the purpose of the communication;
- (3) clarifies if the *client* would like to continue with or terminate the communication, and terminates the communication at any time that the *client* requests it; and
- (4) gives a contact point to any *client* with whom they arrange an appointment.

#### Record keeping: financial promotions

- 4.2.13 R (1) A *firm* must make an adequate record of any *financial promotion* it *communicates* or *approves*, other than a *financial promotion* made in the course of a personal visit, telephone conversation or other interactive dialogue.
- (2) For a telemarketing campaign, a *firm* must make an adequate record of copies of any scripts used.
- (3) A *firm* must retain the record in relation to the *financial promotion* for six years.
- 4.2.14 G A *firm* should consider maintaining a record of why it is satisfied that the *financial promotion* complies with the *financial promotion rules*.

## 5 Distance communications

### 5.1 Distance marketing

#### Application

- 5.1.1 R This chapter applies to a *firm*:
- (1) in relation to its *regulated funeral plan activity*; and
  - (2) that carries on any distance marketing activity from an establishment in the *United Kingdom*, with or for a *consumer* in the *United Kingdom*.

#### Guidance on the distance marketing rules

- 5.1.2 G *Guidance* on the application of the provisions in this section can be found in *FPCOB 5 Annex 1G*.

#### The distance marketing disclosure rules

- 5.1.3 R A *firm* must provide a *consumer* with the distance marketing information (*FPCOB 5 Annex 2R*) in good time before the *consumer* is bound by a *distance contract* or offer.

- 5.1.4 G The *rules* setting out the responsibilities of *funeral plan providers* and *funeral plan intermediaries* for producing and providing information apply to requirements in this section to provide information (see *FPCOB 9.1.3R*).
- 5.1.5 R A *firm* must ensure that the distance marketing information, the commercial purpose of which must be made clear, is provided in a clear and comprehensible manner in any way appropriate to the means of distance communication used, with due regard, in particular, to the principles of good faith in commercial transactions, and the legal principles governing the protection of those who are unable to give their consent.
- 5.1.6 R When a *firm* makes a telephone call to a *consumer*, it must make its identity and the purpose of its call explicitly clear at the beginning of the conversation.
- 5.1.7 R A *firm* must ensure that the information on contractual obligations to be communicated to a *consumer* during the pre-contractual phase conforms with the contractual obligations which would result from the law presumed to be applicable to the *distance contract* if that contract is concluded.

Terms and conditions, and form

- 5.1.8 R A *firm* must communicate to the *consumer* all the contractual terms and conditions and the information referred to in the distance marketing disclosure *rules* in writing or another *durable medium* available and accessible to the *consumer* in good time before conclusion of any *distance contract*.
- 5.1.9 G A *firm* will provide information, or communicate contractual terms and conditions, to a *consumer* if another *person* provides the information, or communicates the terms and conditions, to the *consumer* on its behalf.

Commencing performance of the distance contract

- 5.1.10 R The performance of the *distance contract* may only begin after the *consumer* has given their approval.

Exception: distance contract as a stage in the provision of another service

- 5.1.11 R This section does not apply to a *distance contract* to act as a *funeral plan intermediary*, if the *distance contract* is concluded merely as a stage in the provision of another service by the *firm* or another *person*.

Exception: successive operations

- 5.1.12 R In the case of a *distance contract* comprising an initial service agreement, followed by successive operations or a series of separate operations of the same nature performed over time, the *rules* in this section only apply to the initial agreement.

- 5.1.13 R If there is no initial service agreement but the successive operations or separate operations of the same nature performed over time are performed between the same contractual parties, the distance marketing disclosure *rules* will only apply:
- (1) when the first operation is performed; and
  - (2) if no operation of the same nature is performed for more than a year, when the next operation is performed (the next operation being deemed to be the first in a new series of operations).

Exception: telephone calls

- 5.1.14 R (1) In the case of a telephone call, and subject to the explicit consent of the *consumer*, only the abbreviated distance marketing information (*FPCOB 5 Annex 3R*) needs to be provided during that communication.
- (2) However, unless another exemption applies (such as the exemption for means of distance communication not enabling disclosure), a *firm* must still provide the distance marketing information (*FPCOB 5 Annex 2R*) in writing or another *durable medium* available and accessible to the *consumer* in good time before conclusion of any *distance contract*.

Exception: means of distance communication not enabling disclosure

- 5.1.15 R A *firm* may provide the distance marketing information (*FPCOB 5 Annex 2R*) and the contractual terms and conditions in writing or another *durable medium* immediately after the conclusion of a *distance contract* if the contract has been concluded at a *consumer's* request using a means of distance communication that does not enable the provision of that information in that form in good time before conclusion of any *distance contract*.

Consumer's right to request paper copies and change

- 5.1.16 R At any time during the contractual relationship the *consumer* is entitled, at their request, to receive the contractual terms and conditions on paper. The *consumer* is also entitled to change the means of distance communication used unless this is incompatible with the contract concluded or the nature of the service provided.

Unsolicited services

- 5.1.17 R (1) A *firm* must not enforce, or seek to enforce, any obligations under a *distance contract* against a *consumer*, in the event of an unsolicited supply of services. The absence of a reply does not constitute consent.

- (2) This *rule* does not apply to the tacit *renewal* of a *distance contract*.

#### Mandatory nature of consumer's rights

- 5.1.18 R If a *consumer* purports to waive any of the *consumer's* rights created or implied by the *rules* in this section, a *firm* must not accept that waiver, nor seek to rely on or enforce it against the *consumer*.
- 5.1.19 R If a *firm* proposes to enter into a *distance contract* with a *consumer* that will be governed by the law of a country outside the *United Kingdom*, the *firm* must ensure that the *consumer* will not lose the protection created by the *rules* in this section.

## 5.2 E-Commerce

#### Application

- 5.2.1 R This section applies to a *firm* carrying on an *electronic commerce activity* from an *establishment* in the *United Kingdom*, with or for a *person* in the *United Kingdom*.

#### Information about the firm and its products or services

- 5.2.2 R A *firm* must make at least the following information easily, directly and permanently accessible to the recipients of the *information society services* it provides:
- (1) its name;
  - (2) the geographic address at which it is established;
  - (3) the details of the *firm*, including its e-mail address, which allow it to be contacted and communicated with in a direct and effective manner;
  - (4) an appropriate statutory status disclosure statement (*GEN 4 Annex 1R*), together with a statement which explains that it is on the *Financial Services Register* and includes its Firm Reference Number;
  - (5) if it is a *professional firm*:
    - (a) the name of the professional body (including any *designated professional body*) or similar institution with which it is registered;
    - (b) the professional title;
    - (c) a reference to the applicable professional rules and the means to access them; and



- (6) where the *firm* undertakes an activity that is subject to VAT, its VAT number.
- 5.2.3 R If a *firm* refers to price, it must do so clearly and unambiguously, indicating whether the price is inclusive of tax and delivery costs.
- 5.2.4 R A *firm* must ensure that commercial communications which are part of, or constitute, an *information society service*, comply with the following conditions:
- (1) the commercial communication must be clearly identifiable as such;
  - (2) the *person* on whose behalf the commercial communication is made must be clearly identifiable;
  - (3) promotional offers must be clearly identifiable as such, and the conditions that must be met to qualify for them must be easily accessible and presented clearly and unambiguously; and
  - (4) promotional competitions or games must be clearly identifiable as such, and the conditions for participation must be easily accessible and presented clearly and unambiguously.
- 5.2.5 R An unsolicited commercial communication sent by e-mail by a *firm* must be identifiable clearly and unambiguously as an unsolicited commercial communication as soon as it is received by the recipient.

Requirements relating to the placing and receipt of orders

- 5.2.6 R A *firm* must (except when otherwise agreed by parties who are not *consumers*):
- (1) give an *ECA recipient* the following information, clearly, comprehensibly and unambiguously, and prior to the order being placed by the recipient of the service:
    - (a) the different technical steps to follow to conclude the contract;
    - (b) whether or not the concluded contract will be filed by the *firm* and whether it will be accessible;
    - (c) the technical means for identifying and correcting input errors prior to the placing of the order; and
    - (d) the languages offered for the conclusion of the contract;
  - (2) indicate any relevant codes of conduct to which it subscribes and provide information on how those codes can be consulted electronically;

- (3) (when an *ECA recipient* places an order through technological means), acknowledge the receipt of the recipient's order without undue delay and by electronic means (an order and an acknowledgement of receipt are deemed to be received when the parties to whom they are addressed are able to access them); and
- (4) make available to an *ECA recipient* appropriate, effective and accessible technical means allowing the recipient to identify and correct input errors prior to the placing of an order.

5.2.7 R For the purposes of *FPCOB* 5.2.6R(3), an order and an acknowledgement of receipt are deemed to be received when the parties to whom they are addressed are able to access them.

5.2.8 R Contractual terms and conditions provided by a *firm* to an *ECA recipient* must be made available in a way that allows the recipient to store and reproduce them.

Exception: contract concluded by e-mail

5.2.9 R The requirements relating to the placing and receipt of orders do not apply to contracts concluded exclusively by exchange of e-mail or by equivalent individual communications.

## 5 Annex 1G

### Guidance on the Distance Marketing Provisions

This Annex belongs to *FPCOB* 5.1.2G.

Q1. What is a distance contract?

To be a *distance contract*, a contract must be concluded under an 'organised distance sales or service-provision scheme' run by the contractual provider of the service who, for the purpose of the contract, makes exclusive use (directly or otherwise) of one or more means of distance communication up to and including the time at which the contract is concluded.

So:

- the *firm* must have put in place facilities designed to enable a *consumer* to deal with it exclusively at a distance; and
- there must have been no simultaneous physical presence of the *firm* and the *consumer* throughout the offer, negotiation and conclusion of the contract. So, for example, contracts offered, negotiated and concluded over the internet, through a telemarketing operation or by *post*, will normally be *distance contracts*.

<p>Q2. What about a firm that normally operates face-to-face but occasionally uses distance means?</p>
<p>If a <i>firm</i> normally operates face-to-face and has no facilities in place enabling a <i>consumer</i> to deal with it customarily by distance means, there will be no <i>distance contract</i>. A one-off transaction effected exclusively by distance means to meet a particular contingency or emergency will not be a <i>distance contract</i>.</p>
<p>Q3. What is meant by ‘simultaneous physical presence’?</p>
<p>A <i>consumer</i> may visit the <i>firm</i>’s local office in the course of the offer, negotiation or conclusion of a contract. Wherever, in the literal sense, there has been ‘simultaneous physical presence’ of the <i>firm</i> and the <i>consumer</i> at the time of such a visit, any ensuing contract will not be a <i>distance contract</i>.</p>
<p>Q4. Does the mere fact that an intermediary is involved make the sale of a product or service a distance contract?</p>
<p>No.</p>
<p>Q5. When is a contract concluded?</p>
<p>A contract is concluded when an offer to be bound by it has been accepted. An offer in the course of negotiations (for example, an offer by a <i>funeral plan provider</i> to consider an application) is not an offer to be bound, but is part of a pre-contractual negotiation.</p> <p>A <i>consumer</i> will provide all the information a <i>funeral plan provider</i> needs to decide whether to offer a plan and to calculate the price of the plan. The <i>consumer</i> may do this orally or in writing. The response by a <i>funeral plan provider</i>, giving a quotation to the consumer specifying the price of the plan and the terms, is likely to amount to an offer of the terms on which the <i>funeral plan provider</i> will provide the plan. Agreement by the <i>consumer</i> to those terms is likely to be an acceptance which concludes the contract.</p>
<p>Q6. How do these provisions apply to funeral plan intermediaries’ services?</p>
<p>The <i>FCA</i> anticipates that the provisions relating to distance marketing are likely to apply to <i>funeral plan intermediaries</i>’ services only in those cases where:</p> <p>(a) the <i>firm</i> concludes a <i>distance contract</i> with a <i>consumer</i> covering its <i>funeral plan distribution</i> which is additional to any <i>funeral plan contract</i> which it is marketing; and</p> <p>(b) that <i>distance contract</i> is concluded other than merely as a stage in the entering into of a <i>funeral plan contract</i> by the <i>firm</i> or another <i>person</i>: in other words, it has some continuity independent of a <i>funeral plan contract</i>,</p>

as opposed, for example, to being concluded as part of marketing a *funeral plan contract*.

Q7. Can you give examples of when the distance marketing provisions would and would not apply to funeral plan intermediaries' services?

The *rules* in this section are unlikely to apply in the typical case where a *funeral plan intermediary* sells a *funeral plan contract* to a *consumer* on a one-off basis.

Nor will the *rules* apply if a *funeral plan intermediary*, in its terms of business, makes clear that it does not, in conducting *funeral plan distribution*, act contractually on behalf of, or for, the *consumer*.

An example of when the provisions in this section would apply would be a *distance contract* under which a *funeral plan intermediary* agrees to provide advice to a *consumer* on *funeral plan contracts*.

## 5 Annex 2R

### Distance marketing information

This Annex belongs to *FPCOB 5.1.3R*.

Distance marketing information	
The firm	
(1)	The name and the main business of the <i>firm</i> , the geographical address at which it is established and any other geographical address relevant for the <i>consumer's</i> relations with the <i>firm</i> .
(2)	Where the <i>firm</i> has a representative established in the <i>United Kingdom</i> , the name of that representative and the geographical address relevant for the <i>consumer's</i> relations with the representative.
(3)	When the <i>consumer's</i> dealings are with any professional other than the <i>firm</i> , the identity of that professional, the capacity in which they are acting with respect to the <i>consumer</i> , and the geographical address relevant for the <i>consumer's</i> relations with that professional.
(4)	An appropriate statutory status disclosure statement ( <i>GEN 4</i> ), a statement that the firm is on the <i>Financial Services Register</i> and its <i>FCA</i> registration number.
The financial service	
(5)	A description of the main characteristics of the service the <i>firm</i> will provide.
(6)	The total price to be paid by the <i>consumer</i> to the <i>firm</i> for the financial service, including all related <i>fees</i> , charges and expenses, and all taxes

	paid through the <i>firm</i> or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the <i>consumer</i> to verify it.
(7)	Where relevant, notice indicating that the financial service is related to instruments involving special risks related to their specific features or the operations to be executed or whose price depends on fluctuations in the financial markets outside the <i>firm</i> 's control and that past performance is no indicator of future performance.
(8)	Notice of the possibility that other taxes or costs may exist that are not paid through the <i>firm</i> or imposed by it.
(9)	Any limitations on the period for which the information provided is valid, including a clear explanation as to how long a <i>firm</i> 's offer applies as it stands.
(10)	The arrangements for payment and for performance.
(11)	Details of any specific additional cost for the <i>consumer</i> for using a means of distance communication.
	The distance contract
(12)	The existence or absence of a right to cancel under the cancellation rules ( <i>FPCOB</i> 13) and, where there is such a right, its duration and the conditions for exercising it, including information on the amount which the <i>consumer</i> may be required to pay (or which may not be returned to the <i>consumer</i> ) in accordance with those rules, as well as the consequences of not exercising the right to cancel.
(13)	The minimum duration of the contract, in the case of services to be performed permanently or recurrently.
(14)	Information on any rights the parties may have to terminate the contract early or unilaterally under its terms, including any penalties imposed by the contract in such cases.
(15)	Practical instructions for exercising any right to cancel, including the address to which any cancellation notice should be sent.
(16)	Any contractual clause on law applicable to the contract or on the competent court, or both.
(17)	In which language, or languages, the contractual terms and conditions and the other information in this Annex will be supplied, and in which language, or languages, the <i>firm</i> , with the agreement of the <i>consumer</i> , undertakes to communicate during the duration of the contract.

Redress	
(18)	How to complain to the <i>firm</i> , whether complaints may subsequently be referred to the <i>Financial Ombudsman Service</i> and, if so, the methods for having access to it, together with equivalent information about any other applicable named complaints scheme.
(19)	Whether compensation may be available from the <i>compensation scheme</i> , or any other named compensation scheme, if the <i>firm</i> is unable to meet its liabilities, and information about any other applicable named compensation scheme.

## 5 Annex 3R

### Abbreviated distance marketing information

This Annex belongs to *FPCOB 5.1.14R*.

Abbreviated distance marketing information	
(1)	The identity of the <i>person</i> in contact with the <i>consumer</i> and their link with the <i>firm</i> .
(2)	A description of the main characteristics of the financial service.
(3)	The total price to be paid by the <i>consumer</i> to the <i>firm</i> for the financial service, including all taxes paid through the <i>firm</i> or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the <i>consumer</i> to verify it.
(4)	Notice of the possibility that other taxes or costs may exist that are not paid through the <i>firm</i> or imposed by it.
(5)	The existence or absence of a right to cancel in accordance with the cancellation <i>rules</i> ( <i>FPCOB 13</i> ) and, where the right to cancel exists, its duration and the conditions for exercising it, including information on the amount the <i>consumer</i> may be required to pay (or which may not be returned to the <i>consumer</i> ) on the basis of those <i>rules</i> .
(6)	That other information is available on request and what the nature of that information is.

## 6 Information about the firm and its services

### 6.1 General requirements for firms

Application

6.1.1 R This chapter applies to:

- (1) a *funeral plan intermediary*; and
- (2) a *funeral plan provider* in relation to the distribution of its own *funeral plan contracts*.

Interaction with the customer's best interests rule and Principle 7

- 6.1.2 G To comply with the *customer's best interests rule* and *Principle 7* (Communications with clients), a *firm* should consider the information needs of the *customer* and, if different, the *covered individual*, including:
- (1) what a *customer* and/or *covered individual* needs in order to understand the relevance of any information provided by the *firm*; and
  - (2) the point in the sales process at which information will be most useful to the *customer* to enable them to make an informed decision.

Status disclosure: general information provided by firms

- 6.1.3 R In good time before a *customer* enters into a *funeral plan contract*:
- (1) a *firm* must provide the *customer* with at least the following information:
    - (a) its identity, address and whether it is a *funeral plan intermediary* or a *funeral plan provider*;
    - (b) the appropriate statutory status disclosure statement (see *GEN 4*);
    - (c) the fact that it is included in the *Financial Services Register* and the means for verifying this;
    - (d) whether it provides a *personal recommendation* about the *funeral plans* offered or information;
    - (e) whose *funeral plans* it offers;
    - (f) the procedures allowing *customers* and other interested parties to register *complaints* about the *firm* with the *firm* and the *Financial Ombudsman Service* or, if the *Financial Ombudsman Service* does not apply, information about any out-of-court complaint and redress procedures available for the settlement of disputes between the *firm* and its *customers*; and
  - (2) a *funeral plan intermediary* must also provide the *customer* with the following information:

- (a) whether it has a direct or indirect holding representing 10% or more of the voting rights or capital in a given *funeral plan provider*;
- (b) whether a given *funeral plan provider* or its *parent undertaking* has a direct or indirect holding representing 10% or more of the voting rights or capital in the *firm*; and
- (c) whether it is representing the *customer* or is acting for and on behalf of the *funeral plan provider*.

Scope of service: funeral plan intermediaries

6.1.4 R (1) Where a *funeral plan intermediary* proposes or advises on a *funeral plan contract* then in good time before the conclusion of a *funeral plan contract* and, if necessary, on its amendment, a *funeral plan intermediary* must provide the *customer* with at least information on whether the *firm*:

- (a) gives a *personal recommendation*, on the basis of a fair and personal analysis of *funeral plans* available in the market; or
- (b) is under a contractual obligation to conduct *funeral plan distribution* exclusively with one or more *funeral plan providers*, in which case it must provide the names of those *funeral plan providers*; or
- (c) (i) is not under a contractual obligation to conduct *funeral plan distribution* exclusively with one or more *funeral plan providers*; and  
(ii) does not give a *personal recommendation* on the basis of a fair and personal analysis of *funeral plans* available in the market;

in which case it must provide its *customer* with the name of those *funeral plan providers* with which the *funeral plan intermediary* may and does conduct business.

## 6.2 Means of communication to customers

Application

6.2.1 R This section applies to all information required to be provided to a *customer* in this chapter and in other chapters or sections where stated.

Means of communication to customers: non-telephone sales

6.2.2 R (1) A *firm* must communicate information to a *customer* using any of the following:



- (a) paper; or
  - (b) a *durable medium* other than paper; or
  - (c) a website (where it does not constitute a *durable medium*) where the *website conditions* are satisfied.
- (2) The *firm* must communicate the information in (1):
- (a) in a clear and accurate manner, comprehensible to the *customer*;
  - (b) in English or in any other language agreed by the parties; and
  - (c) free of charge.
- 6.2.3 R Where the information is communicated using a *durable medium* other than paper or by means of a website, the *firm* must, upon request and free of charge, also send the *customer* a paper copy.
- 6.2.4 R A *firm* must ensure that a *customer's* choice or consent to receive the information by means of a website (whether a *durable medium* or where the *website conditions* are satisfied) is an active and informed choice or consent.
- 6.2.5 G (1) For the purposes of *FPCOB* 6.2.4R, for example, an option to allow a change to the e-mail address to be used or an option to allow information to be provided by means of a website should be presented in a way that is clear, fair and not misleading.
- (2) The following are examples of circumstances not evidencing active or informed choice or consent:
- (a) a pre-ticked box (suggesting that option has been selected) which appears in a more prominent place than an un-ticked box allowing another option to be selected; and
  - (b) the *customer* electing to be informed by a website without being first given other options.

Means of communication to customers: telephone sales

- 6.2.6 R In the case of telephone selling:
- (1) the information must be given in accordance with the distance marketing disclosure *rules* (see *FPCOB* 5); and
  - (2) if prior to the conclusion of the contract the information is provided orally, the *firm* must also provide the information to the *customer* in accordance with *FPCOB* 6.2.2R immediately after the conclusion of the *funeral plan contract*.

### 6.3 Fee disclosure

#### Application

- 6.3.1 R This section applies to a *firm* that imposes a *fee* in connection with a *funeral plan* or its *regulated funeral plan activity*.

#### Fee disclosure

- 6.3.2 R (1) Where a *fee* is payable, the *firm* must inform its *customer* of the amount of the *fee*.
- (2) The information in (1) must be given before the *customer* incurs liability to pay the *fee*, or before entering into the *funeral plan contract*, whichever is earlier.
- 6.3.3 R The *fee* disclosure requirement extends to all such *fees* that may be charged in connection with a *funeral plan* or the *firm's regulated funeral plan activity*.

### 6.4 Charging for funeral plan distribution

#### Application

- 6.4.1 R This section applies to a *firm* which carries on *funeral plan distribution*.
- 6.4.2 G This section does not apply to a *funeral plan provider* in connection with its *entering as provider into funeral plan contracts*.

#### Purpose

- 6.4.3 G (1) The purpose of the *rules* in this section is to ensure that *funeral plan intermediaries* act in accordance with the *customer's best interests rule* and are not improperly influenced in their *funeral plan distribution* by payments made, or benefits provided, by *funeral plan providers*. In particular, the *rules* in this section prevent a *firm* from accepting commission from a *funeral plan provider*.
- (2) The *rules* in this section apply whether or not the relevant *funeral plan distribution* involves the provision of *investment advice*.
- (3) *Firms* should be mindful of the *customer's best interests rule* when considering their approach to compliance with the *rules* in this section.

#### Requirement to be paid by the customer

- 6.4.4 R A *firm* must:
- (1) only be remunerated for its *funeral plan distribution* (and any other related services provided by the *firm*) by *FP distribution charges*; and

- (2) not solicit or accept (and ensure that none of its *associates* solicits or accepts) any other commissions, remuneration or benefit of any kind in connection with the *firm's* business of engaging in *funeral plan distribution* or any other related services, regardless of whether it intends to refund the payments or pass the benefits on to the *customer* or *covered individual*,

except as provided in this section.

- 6.4.5 R 'Related service(s)' for the purposes of *FPCOB* 6.4.4R includes:
- (1) *communicating* or *approving financial promotions* in relation to a *funeral plan contract* or *regulated funeral plan activity*;
- (2) recommending a *funeral plan provider*.
- 6.4.6 G *FPCOB* 6.4.4R prevents a *firm* from receiving any monetary or non-monetary benefit either in relation to the distribution of particular *funeral plan contracts* or in connection with its business of marketing, selling or distributing *funeral plan contracts* more generally.

#### Group distribution arrangements

- 6.4.7 R If the *firm's funeral plan distribution* relates to *funeral plan contracts* entered into by the *firm* itself or by an *associate*, the *firm* must ensure that the level of its *FP distribution charge* is at least reasonably representative of the services associated with its *funeral plan distribution* (and related services).
- 6.4.8 G A *firm* should consider whether the level of its *FP distribution charge* meets the requirement of *FPCOB* 6.4.7R by reference to whether the charge would be appropriate in the context of the service being provided by a *firm* unconnected with a *funeral plan provider*.

#### Guidance on the requirement to be paid by the customer

- 6.4.9 G *FPCOB* 12 restricts a *firm* engaged in *funeral plan distribution* from accepting payment other than in certain circumstances. *FPCOB* 12 does not prevent a *funeral plan intermediary* from receiving an *FP distribution charge* from a *customer* as contemplated by this section (see *FPCOB* 12.4.4R).
- 6.4.10 G *FPCOB* 6.3.2R requires a *funeral plan intermediary* to inform the *customer* of the amount of any *fee* payable. That disclosure should include any *FP distribution charge* payable by the *customer*.

#### Payment for funerals

- 6.4.11 G (1) *FPCOB* 6.4.4R applies to providers of funerals (such as funeral services providers) which engage in *funeral plan distribution*. However, that *rule* only restricts the receipt of payments or benefits in connection with the business of engaging in *funeral plan distribution*.

- (2) *FPCOB 6.4.4R* does not prevent a provider of funerals from receiving payment for the provision of a funeral from a *funeral plan provider* under the terms of a *funeral plan contract*. For these purposes, it does not matter whether payment for the funeral is received at the time that the *customer* enters into the relevant *funeral plan contract* or at any other time thereafter.
- 6.4.12 R A *firm* which carries on *funeral plan distribution* and is also a provider of funerals must ensure that:
- (1) the level of its *FP distribution charge* is at least reasonably representative of the cost of the services associated with its *funeral plan distribution*; and
- (2) any payments which it receives from a *funeral plan provider* under a *funeral plan contract* are reasonably representative of the cost of delivering the relevant funeral.
- 6.4.13 G A payment is unlikely to be reasonably representative of the cost of delivering the relevant funeral if it is materially greater than the same payment would have been had the relevant *firm* had no involvement in the sale or distribution of the *funeral plan contract*.
- Training and support
- 6.4.14 R A *firm* may receive:
- (1) training on the *funeral plan contracts* in relation to which it carries on *funeral plan distribution*; and
- (2) appropriate support with complying with its obligations under the *regulatory system* from a *funeral plan provider*.
- 6.4.15 R Any training or support received for the purposes of *FPCOB 6.4.14R* must be:
- (1) of a scale and nature that it could not be judged to impair the *firm's* compliance with its duty to act honestly, fairly and professionally in the best interests of the *customer* or *covered individual*; and
- (2) reasonable, proportionate and of a scale that is unlikely to influence the *firm's* behaviour in any way that is detrimental to the interests of any relevant *customer* or *covered individual*.
- 6.4.16 G The *rules* in this section do not preclude a *funeral plan intermediary* from receiving from a *funeral plan provider* any materials necessary for the *funeral plan intermediary* to engage in its business of *funeral plan distribution*. This may include the product information for the purposes of *FPCOB 9*.

Payments to employees

- 6.4.17 G The *rules* in this section do not prevent an *employee* of a *firm* receiving payment from that *firm*.

Record keeping

- 6.4.18 R A *firm* must keep a record of the *FP distribution charges* paid by each *customer*.

**6.5 Payments to funeral plan intermediaries**

Application

- 6.5.1 R This section applies to a *funeral plan provider*.

Requirement not to offer commissions

- 6.5.2 R A *firm* must not offer or pay (and must ensure that none of its *associates* offers or pays) any commissions, *remuneration* or benefit of any kind to:
- (1) another *firm* in connection with that *firm*'s business of engaging in *funeral plan distribution*;
  - (2) another *person* in connection with:
    - (a) that *person*'s business of engaging in *funeral plan distribution*:
      - (i) for which it does not require *authorisation*; or
      - (ii) which it carries on in breach of the *general prohibition*;
    - (b) business of that *person* which would involve engaging in *funeral plan distribution* but for an exclusion in the *Regulated Activities Order*;
    - (c) that *person*'s business of introducing *customers* to another *person* in relation to *funeral plan contracts*;
  - (3) a *person* in (1) or (2) in relation to any related services; or
  - (4) any third party for the benefit of a *person*, and in the circumstances described, in (1) to (3),
- except as provided in this section.
- 6.5.3 R *FPCOB* 6.5.2R does not apply to training or support which meet the requirements of *FPCOB* 6.4.14R and *FPCOB* 6.4.15R.

- 6.5.4 G *FPCOB 6.5.2R prevents a funeral plan provider from making payments, or offering benefits, to persons involved in distributing the firm's funeral plan contracts. This includes payments made, or benefits offered, to a firm's appointed representatives.*
- 6.5.5 R *FPCOB 6.5.2R does not prevent a funeral plan provider from making payments to a person other than to communicate a financial promotion.*

#### Payments to employees

- 6.5.6 G (1) The rules in this section do not apply to payments made by firms to their employees in relation to sales activity.
- (2) Firms should refer to SYSC 19F and the FCA's final guidance, 'Risks to customers from financial incentives' (January 2013) when considering the structure of any incentive schemes for their employees.

[Note: see <https://www.fca.org.uk/publication/finalised-guidance/fsa-fg13-01.pdf>]

## 7 Prohibition on entering into long-term instalment payment funeral plans

### 7.1 Application and Purpose

#### Application

- 7.1.1 R This chapter applies to a funeral plan provider.

#### Purpose

- 7.1.2 G The rule in this chapter ensures that, subject to an initial 24-month moratorium period, a customer who chooses to pay for a funeral plan contract in instalments receives the funeral under that contract even if the covered individual dies before the end of the instalment period.

### 7.2 Prohibition

#### Prohibition

- 7.2.1 R (1) A funeral plan provider must not enter into an instalment payment funeral plan under which the customer agrees to make payments over a period of more than 24 months.
- (2) Paragraph (1) does not apply in respect of an instalment payment funeral plan under the terms of which:
- (a) a funeral will be unconditionally provided upon the covered individual's death where:

- (i) this occurs more than 24 *months* after the date on which the relevant parties entered into the *funeral plan contract*; or
  - (ii) (if earlier) the death is accidental; and
- (b) no further payment is required following the *covered individual's* death in order for the funeral specified by the *funeral plan contract* to be provided.

#### Guidance

- 7.2.2 G This section is relevant to any *instalment payment funeral plan* which requires payments to be made over a period of more than 24 *months*. This may include a *funeral plan contract* under which the *customer* is required to make payments until the *covered individual* reaches a certain age or on a regular basis until the time of the *covered individual's* death.
- 7.2.3 G This section does not affect the position where a *funeral plan contract* has been cancelled either by the *customer* or by the *funeral plan provider* in compliance with the *rules* in *FPCOB* 13.
- 7.2.4 G The effect of *FPCOB* 13.2.2R is that the death of the *covered individual* (other than by reason of an accident) within the *moratorium period* is treated as a cancellation of the *funeral plan contract* (unless the *customer* and *firm* have agreed for sums outstanding to be paid under *FPCOB* 13.2.3R). In this case, any instalments paid by the *customer* must be returned without deduction to the *customer* or (where the customer is also the *covered individual*) to their estate.
- 7.2.5 G A *funeral plan provider* may agree a *moratorium period* with a *customer* of less than 24 *months* provided that it remains compliant with *FPCOB* 3.1.6R.

## 8 Identifying client needs and advising

### 8.1 Application

- 8.1.1 R This chapter applies to a *firm* when carrying on *funeral plan distribution*.

### 8.2 Demands and needs

- 8.2.1 R The sale of a *funeral plan contract* must always be accompanied by a demands and needs test.

#### Demands and needs test

- 8.2.2 R (1) Prior to the conclusion of a *funeral plan contract*, a *firm* must identify, on the basis of information obtained from the *customer* and other sources where relevant, the demands and the needs of that *customer*.

- (2) When proposing a *funeral plan contract*, a *firm* must ensure it is consistent with the *customer's* demands and needs.
  - (3) A statement of the demands and needs must be communicated to the *customer* prior to the *customer* entering into a *funeral plan contract*.
- 8.2.3 G A *firm* may obtain information from the *customer* in a number of ways including, for example, by asking the *customer* questions in person or by way of a questionnaire prior to any *funeral plan contract* being proposed.
- 8.2.4 G *FPCOB* 8.1.3R(2) applies whether or not advice is given and in the same way regardless of whether that contract is sold on its own, or in connection with other goods or services.
- 8.2.5 R In determining whether a *funeral plan contract* is consistent with the *customer's* demands and needs, a *firm* must consider, amongst other things:
- (1) whether any *person* has already made provision for the *covered individual's* funeral; and
  - (2) the length of the *moratorium period* during which the contracted funeral will not be provided.

### 8.3 Ensuring customers can make an informed decision

#### Disclosing the limits of the service provided

- 8.3.1 R
- (1) In a sale that does not involve a *personal recommendation*, a *firm* must take reasonable steps to ensure a *customer* ('C') understands that C is responsible for deciding whether a *funeral plan* meets C's demands and needs.
  - (2) If a *firm* anticipates providing, or provides, information on any main characteristic of a *funeral plan* orally during a non-advised sale, taking reasonable steps includes explaining the *customer's* responsibility orally.
  - (3) A *funeral plan's* main characteristics include its significant benefits, its significant exclusions and limitations, its duration and price information.

#### Means of communication to customers

- 8.3.2 R The information to be provided to *customers* in *FPCOB* 8.1 (Demands and needs) must be given in accordance with *FPCOB* 6.2 (Means of communication to customers).

### 8.4 Advised sales

#### Application



- 8.4.1 R This section applies to a *firm* that provides *advice on investments* where that advice relates to a *funeral plan contract*.

Suitability of advice

- 8.4.2 R A *firm* must take reasonable care to ensure the suitability of its advice for any *customer* who is entitled to rely upon its judgement.

Suitability guidance

- 8.4.3 G (1) In taking reasonable care to ensure the suitability of advice on a *funeral plan contract*, a *firm* should:
- (a) establish the *customer's* demands and needs by using information readily available to the *firm* and by obtaining further relevant information from the *customer*, including details of existing alternative arrangements by which the *customer* may reasonably fund the cost of the funeral in question. For example, this could include insurance products, investments, or cash savings, or where the *customer* has already made provision for the *customer* or *covered individual's* funeral;
  - (b) take reasonable care to ensure that a *funeral plan* is suitable for the *customer's* demands and needs, taking into account its level of cover and cost, the duration of instalment payments, and relevant exclusions, limitations and conditions; and
  - (c) inform the *customer* of any demands and needs that are not met.

Personal recommendations

- 8.4.4 R (1) This *rule* applies to a *firm* that provides a *customer* with a *personal recommendation* in relation to a *funeral plan contract*.
- (2) The *personal recommendation* must be provided:
- (a) on the basis of a fair and personal analysis;
  - (b) in accordance with professional criteria, regarding which *funeral plan contract* would be adequate to meet the *customer's* needs; and
  - (c) unless (3).
- (3) If the *firm's* *personal recommendation* will not be provided in compliance with *FPCOB* 8.4.4R(2)(c), the *firm* must disclose this fact and the scope of the analysis that will form the basis of its *personal recommendation* to the *customer* in good time before the provision of the *personal recommendation*.

Personalised explanation

- 8.4.5 R Where a *firm* provides a *personal recommendation*, the *firm* must, in addition to the statement of demands and needs, provide the *customer* with a personalised explanation of why a particular *funeral plan contract* would best meet the *customer's* demands and needs.

Means of communication

- 8.4.6 R A *firm* must provide the information in this section in accordance with *FPCOB 6.2* (Means of communication to customers).

**9 Product information**

**9.1 Producing and providing product information**

Application

- 9.1.1 R This chapter applies to a *firm* in relation to *funeral plan provision* and *funeral plan distribution*.

Purpose

- 9.1.2 G The purpose of the *rules* in this chapter is to ensure that *customers* are provided with appropriate information before concluding a *funeral plan contract* and at relevant times thereafter, in particular when post-contractual changes to a *funeral plan contract* are proposed.

Responsibilities for producing and providing information as between funeral plan providers and funeral plan intermediaries: general

- 9.1.3 R
- (1) This *rule* applies in relation to the information that must be provided to the *customer* before the conclusion of a *funeral plan contract* in compliance with the *rules* in this chapter and the distance communication *rules* (*FPCOB 5.1*).
  - (2) The *funeral plan provider* is responsible for producing the information to which this *rule* applies.
  - (3) The *funeral plan intermediary* is responsible for providing the information to which this *rule* applies to the *customer*.
  - (4) If there is no *funeral plan intermediary*, the *funeral plan provider* is responsible for providing the information to the *customer*.
  - (5) A *funeral plan provider* must produce information in good time to enable a *funeral plan intermediary* to comply with the *rules* in this chapter, or promptly on a *funeral plan intermediary's* request.

- 9.1.4 R A *funeral plan provider* is responsible for providing all post-contractual information to a *customer* including information required on post-contractual changes made to the *funeral plan*.
- 9.1.5 R A *funeral plan intermediary* is responsible for producing price information if it agrees this with a *funeral plan provider*.

## 9.2 Providing product information to customers: general

Ensuring customers can make an informed decision: the appropriate information rule

- 9.2.1 R (1) A *firm* must ensure that a *customer* is given appropriate information about a *funeral plan contract* in good time before the conclusion of the contract and at relevant times thereafter, in a comprehensible form so that the *customer* can make an informed decision about the arrangements proposed.
- (2) The information must be provided to the *customer*:
- (a) whether or not a *personal recommendation* is given; and
- (b) irrespective of whether a *funeral plan* is offered as part of a package with another product or service.
- (3) The information to be provided under this *rule* must include the full terms of the *funeral plan contract*.
- 9.2.2 G The appropriate information *rule* applies:
- (1) at all of the different stages of a contract and includes pre-conclusion and post-conclusion information, and also when post-contractual changes are proposed;
- (2) in the same way to any *funeral plan*, regardless of whether that *funeral plan* is sold on its own, or in connection with other goods or services; and
- (3) to the price of the *funeral plan*.

What level of information needs to be provided?

- 9.2.3 G The level of information required will vary according to matters such as:
- (1) the knowledge, experience and ability of a typical *customer* for the *funeral plan*;
- (2) the terms of the *funeral plan contract*, including its main benefits, exclusions, limitations, conditions and its duration;

- (3) whether the *funeral plan* is bought in connection with another product or service; and
- (4) distance communication information requirements (for example, under the distance communication *rules*, less information can be given during certain telephone sales than in a sale made purely by written correspondence (see *FPCOB* 5.1.14R (exception: telephone calls)).

9.2.4 G Cancellation rights do not affect what information it is appropriate to give to a *customer* to enable them to make an informed purchasing decision.

Oral sales: ensuring customers can make an informed decision

- 9.2.5 R
- (1) If a *firm* provides information orally during a sales dialogue with a *customer* on a main characteristic of a *funeral plan*, it must do so for all the *funeral plan*'s main characteristics.
  - (2) A *firm* must take reasonable steps to ensure that the information provided orally is sufficient to enable the *customer* to take an informed decision on the basis of that information, without overloading the *customer* or obscuring other parts of the information.

- 9.2.6 G
- (1) A *funeral plan*'s main characteristics include its significant benefits, its significant exclusions and limitations, its duration (if applicable) and price information.
  - (2) A significant exclusion or limitation is one that would tend to affect the decision of *customers* generally to buy a *funeral plan*. In determining what exclusions or limitations are significant, a *firm* should particularly consider the exclusions or limitations that relate to the significant features and benefits of a *funeral plan* and factors which may have an adverse effect on the services provided under it. Another type of significant limitation might be that the contract only operates through certain means of communication, e.g. telephone or internet.

Funeral plan summary

9.2.7 R A *firm* must provide a *customer* with a *funeral plan summary* in good time before the conclusion of a *funeral plan contract*.

- 9.2.8 G
- (1) The *funeral plan summary* should be provided on paper or in another *durable medium*.
  - (2) In the case of telephone selling, a *firm* may provide the *funeral plan summary* in accordance with the distance communication timing requirements and provide the *funeral plan summary* to the *customer* immediately after the conclusion of the *funeral plan contract*.

- (3) The *funeral plan summary* should be provided on paper or in another *durable medium* and otherwise in accordance with *FPCOB 6.2* (Means of communication to customers).

Responsibility for producing and providing the funeral plan summary as between funeral plan providers and funeral plan intermediaries

- 9.2.9 R (1) A *funeral plan provider* is responsible for designing and producing a *funeral plan summary*.
- (2) A *funeral plan intermediary* is responsible for providing a *funeral plan summary* to a *customer*.
- (3) If there is no *funeral plan intermediary*, the *funeral plan provider* is responsible for providing the *funeral plan summary* to a *customer*.

Funeral plan contracts: importance of reading documentation

- 9.2.10 R (1) A *firm* must draw a *customer's* attention to the importance of reading the *funeral plan contract* documentation before the end of the cancellation period to check that the *funeral plan* is suitable for the *customer*.
- (2) This must be done orally if a *firm* provides information orally on any main characteristic of a *funeral plan* but otherwise in writing.

Price information: general

- 9.2.11 R A *firm* must provide price information in a way calculated to enable the *customer* to relate it to a regular budget.
- 9.2.12 G Price information should include at least the total price (or where it cannot be indicated, the basis for calculating it) of the *funeral plan* and, where relevant:
- (1) for *instalment payment funeral plans* with a payment schedule greater than 12 *months*, whether the payments may increase and if so, the amount of the increase (or where this cannot be indicated, the basis for calculating it) and the timing of the increase;
- (2) other *fees* and taxes payable and potentially payable by the *customer* through the *firm*; and
- (3) a statement identifying separately the possibility of any taxes not payable through the *firm*.
- 9.2.13 R Where a *firm* offers *customers* the option to pay for a *funeral plan* by instalments, it must clearly communicate the total cost of the instalment payment option.

- 9.2.14 R If a *firm* has more than one payment option available for its *funeral plans* and does not present all the payment options to *customers*, it must also make it clear to *customers* that other payment options are available.
- 9.2.15 G For the purposes of the *fair, clear and not misleading rule*:
- (1) the total price of the instalment payment option should be given equal prominence and emphasis as the price of the single payment option; and
  - (2) the total price of the instalment payment option should not be presented in a way that gives the impression that it is equivalent to the price of the single payment option (unless this is actually the case).
- 9.2.16 G Price information should be given in writing or another *durable medium* in good time before conclusion of the contract. This is in addition to any requirement or decision to provide the information orally. In the case of a *distance contract* concluded over the telephone, it may be provided in writing or another *durable medium* no later than immediately after conclusion.

### 9.3 Post-contract information: funeral plan contracts

#### Application

- 9.3.1 R This section applies to a *funeral plan provider* in relation to:
- (1) the activities of *entering into a funeral plan contract* and *carrying out a funeral plan contract*;
  - (2) *new funeral plans* and *subsisting funeral plans*.

#### Post-contractual changes

- 9.3.2 R (1) Throughout the term of a *funeral plan*, a *firm* must provide a *customer* with information about any change to:
- (a) the price of the *funeral plan*, unless the change conforms to a previously disclosed formula; and
  - (b) any term of the *funeral plan*, together with an explanation of any implications of the change where necessary.
- (2) This information must be provided in writing or another *durable medium* in good time before the change takes effect or, if the change is at the *customer's* request, as soon as is practicable provided the *firm* explains the implications of the change before it takes effect.
- 9.3.3 [*Editor's note*: Deliberately left blank pending the possibility of new rules currently being consulted on.]

- 9.3.4 G (1) When explaining the implications of a change, a *firm* should explain any changes to the benefits and significant or unusual exclusions arising from the change.
- (2) *Firms* will need to consider whether post-contractual changes are compatible with the original *funeral plan*, in particular whether it reserves the right to vary the price of the *funeral plan*, charges or other terms. *Firms* also need to ensure that any terms which reserve the right to make variations are not themselves unfair under the *Unfair Terms Regulations* (for contracts entered into before 1 October 2015) or the *CRA*.

Nominated representative document

- 9.3.5 G The purpose of the *rules* relating to the *nominated representative document* is to ensure that a *customer's* nominated representative is aware of the *funeral plan contract*, its features and the procedure to be followed upon the *covered individual's* death.
- 9.3.6 R A *firm* must provide the *nominated representative document* to the *customer's* nominated representative within 5 *business days* of the date of conclusion of the *funeral plan contract*.
- 9.3.7 R *FPCOB* 9.3.6R does not apply if:
- (1) the *customer* has expressly stated that they do not wish their nominated representative to be contacted; or
- (2) the *customer* is not the *covered individual* and the *customer* has confirmed that no nominated representative is to be appointed.
- 9.3.8 G For the purposes of *FPCOB* 9.3.7R(1), 'expressly states' means that the *customer* has actively opted out of the nominated representative being contacted.
- 9.3.9 R In relation to *subsisting funeral plans*, a *firm* must consider whether the information provided to date to the *customer's* nominated representative is sufficient to achieve the purpose of this section, and if not, provide the *nominated representative document* to the *customer's* nominated representative as soon as reasonably practicable after [29 July 2022].
- 9.3.10 R The requirement to provide the *nominated representative document* in *FPCOB* 9.3.9R only applies to *funeral plan contracts* where the *firm* already has the nominated representative's contact details and consent to contact the nominated representative.

Plan statement - requirement for funeral plan providers

- 9.3.11 R (1) A *firm* must provide the *customer* with a plan statement (*FPCOB* 9 Annex 3) regarding the *funeral plan contract* at least once every 3 years.
- (2) In relation to *subsisting funeral plans*, a *firm* must provide a *customer* with the first plan statement no later than 31 August 2023.

#### 9.4 Means of communication

Means of communication

- 9.4.1 R The information in *FPCOB* 9 must, unless stated otherwise in this chapter, be provided in accordance with *FPCOB* 6.2 (Means of communication to customers).

### 9 Funeral plan summary

#### Annex 1

This annex belongs to *FPCOB* 9.2.7R.

1	What information needs to be contained in the funeral plan summary?		
1.1	R	The <i>funeral plan summary</i> must contain the following information:	
		(1)	a summary of the significant features of the <i>funeral plan</i> ;
		(2)	a summary of the main exclusions or limitations of the <i>funeral plan</i> ;
		(3)	an explanation of whether changes can be made to the <i>funeral plan</i> , and if so, the process and any related costs;
		(4)	price and payment information;
		(5)	the consequences of non-payment;
		(6)	the existence and duration of the right of cancellation;
		(7)	how to complain to the <i>firm</i> and that complaints may subsequently be referred to the <i>Financial Ombudsman Service</i> ;
		(8)	details on whether compensation is available from the <i>compensation scheme</i> , if the <i>firm</i> cannot meet its liabilities.
1.2	G	A <i>firm</i> , when providing the information in the <i>funeral plan summary</i> , should consider:	



		(1)	the <i>rules</i> and <i>guidance</i> on: providing appropriate information to <i>customers</i> in <i>FPCOB</i> 9.2, post contractual changes in <i>FPCOB</i> 9.3 and price information in <i>FPCOB</i> 9.2;
		(2)	the order of the information and priority of the information to be provided;
		(3)	the information needs of the <i>firm's</i> typical <i>customer</i> for the <i>funeral plan</i> ;
		(4)	using colours, images and other ways to make the document more accessible, easy-to-read, and eye-catching; and
		(5)	whether to provide additional information to the <i>customer</i> , for example, to assist the <i>customer's</i> understanding of the proposed arrangements. If a <i>firm</i> does provide additional information, the additional information should not disguise, diminish or obscure important information contained in the <i>funeral plan summary</i> document.
Name and company logo of the funeral plan provider			
1.3	R	(1)	The name of the <i>funeral plan provider</i> , its statutory status ( <i>GEN</i> 4 Annex 1R) and its firm reference number should follow the title 'Funeral Plan summary document' at the top of the first page.
		(2)	The provider may insert its company logo to the right of the title.
Purpose of the document and reference to complete pre-contractual and contractual information			
1.4	R		<p>The <i>funeral plan summary</i> should state the purpose of the document and that complete pre-contractual and contractual information about the <i>funeral plan</i> is provided to the <i>customer</i> in other documents. The following wording should be used and placed immediately below the name of the provider in a way that it is likely to maximise <i>customers'</i> awareness that it is a summary only:</p> <p><i>This document explains what is and is not included in your funeral plan, how you will pay for your plan and information on cancelling your plan, making a complaint and your entitlement to compensation. Please ensure you read this carefully. Please note this is a summary of your plan; please refer to our pre-contractual documentation and terms &amp; conditions or contact us using the contact details below for further details.</i></p>

2	How must the summary be presented and formatted?		
2.1	R	The <i>funeral plan summary</i> must:	
		(1)	be a short and standalone document;
		(2)	be presented and laid out in a way that is clear and easy to read, using characters of a readable size; and
		(3)	be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white.
	Length		
2.2	R	The summary document must be set out on no more than two sides of A4-sized paper when printed.	
	Plain language		
2.3	R	The <i>funeral plan summary</i> must be drafted in plain language, facilitating the <i>customer's</i> understanding of the content of that document, and must focus on key information which the <i>customer</i> needs to make an informed decision. Jargon must be avoided.	
	Presentation		
2.4	G	A <i>firm</i> , when providing the information in the <i>funeral plan summary</i> , should consider:	
		(1)	the use of tables to display costs and other ways to make the document and information more accessible and easy-to-read; and
		(2)	the use of bold and italic text to highlight key information.
	Headings, corresponding information and order of content		
2.5	R	The subheadings must be in this sequence and have the following corresponding information:	
		(1)	‘What products and services are included in my funeral plan?’ This section should clearly set out using green tick boxes and text the key products and services the <i>funeral plan</i> provides.
		(2)	‘What products and services are not included in my funeral plan?’

		<p>This section should clearly set out through red cross boxes and red text the key products and services the <i>funeral plan</i> would not provide that the <i>customer</i> would typically expect to be included in their funeral (e.g. catering, flowers). A <i>firm</i> should also highlight where the cost of a feature (e.g. burial plot) may exceed the allocated allowance.</p> <p>This section should also clearly set out any additional costs the <i>customer</i> may face (e.g. the need to appoint a new funeral services provider due to the <i>covered individual's</i> change of address).</p> <p>If applicable, a <i>firm</i> should prominently state that other exclusions will apply and explain where to find relevant information.</p>
	(3)	<p>‘How do I make changes to my plan?’</p> <p>This section should set out if a <i>customer</i> can make changes to their plan, how they can do so and any related costs. It should also refer to the cancellation process should their needs change.</p>
	(4)	<p>‘When and how do I pay?’</p> <p>A <i>firm</i> should set out the payment options on offer and the timings of these payments. For example, whether payment is in monthly instalments or a lump sum/single payment.</p> <p>A <i>firm</i> should set out clearly and prominently if the cost of the plan will increase as a result of paying with a different payment option and if so, the cost of each payment option. If applicable, a <i>firm</i> should clearly state the <i>moratorium period</i> in which the funeral will not be provided if the <i>covered individual</i> dies.</p> <p>A <i>firm</i> should set out clearly and prominently any <i>fees</i> which are, or may be, payable (including the circumstances in which they are payable).</p> <p>A <i>firm</i> should clearly set out where a <i>customer</i> can find additional information.</p>
	(5)	<p>‘What happens if I miss a payment?’</p> <p>This section should clearly set out any impact of missing payments, including any <i>fees</i> or potential cancellation.</p> <p>A <i>firm</i> should clearly pinpoint where a <i>customer</i> can find additional information.</p>
	(6)	<p>‘How do I cancel my plan?’</p> <p>A <i>firm</i> should set out the <i>customer's</i> right to cancel – including how long they have to cancel without incurring a cancellation <i>fee</i>.</p>

			<p>A <i>firm</i> should set out clearly and prominently any cancellation <i>fee</i>.</p> <p>A <i>firm</i> should clearly pinpoint where a <i>customer</i> can find additional information.</p>
		(7)	<p>‘How do I make a complaint?’</p> <p>A <i>customer</i> should complain to the <i>firm</i> in the first instance. The <i>firm</i> should provide information regarding its internal procedures for the reasonable and prompt handling of complaints.</p> <p>If the <i>customer</i> is unhappy with the <i>firm</i>’s response, they may be able to refer the matter to the <i>Financial Ombudsman Service</i>.</p>
		(8)	<p>‘Financial Services Compensation Scheme’</p> <p>A <i>firm</i> should explain that if it is unable to meet its liabilities, the <i>customer</i> or <i>covered individual</i> (or their estate, if the <i>customer</i> or <i>covered individual</i> has died) may be entitled to compensation from the <i>compensation scheme</i>.</p> <p>A <i>firm</i> should clearly state where <i>customers</i> and <i>covered individuals</i> can find further information in relation to the <i>compensation scheme</i>.</p>

**9**  
**Annex**  
**2**  
**Nominated representative document**

This annex belongs to *FPCOB 9.3.6R*.

1	Format		
	The document must:		
1.1	R	(1)	be short and stand alone;
		(2)	be presented and laid out in a way that is clear and easy to read, using characters of a readable size; and
		(3)	be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white.
2	Length		
2.1	R	The document must be set out on no more than 2 sides of A4-sized paper when printed.	
3	Presentation		

3.1	G	<p>A <i>firm</i>, when providing the information in the document, should consider:</p> <p>(1) the use of tables to display costs and other ways to make the document and information more accessible and easy-to-read;</p> <p>(2) the use of bold and italic text to highlight key information.</p>
4	Headings, corresponding information and order of content	
4.1	R	<p>The document must contain the following information, and use the headings in (4) to (9), in this sequence:</p> <p>(1) a clear statement outlining the purpose of the document, including the name of the <i>customer</i> and, if different, the <i>covered individual</i> and why it is important that the nominated representative reads the document;</p> <p>(2) a clear statement explaining the nominated representative's obligations regarding the plan;</p> <p>(3) a clear and prominent statement explaining that the document is a summary of the plan, that complete contractual information is available in other documents and the <i>customer's</i> duties and obligations;</p> <p>(4) 'What is the procedure to follow when the <i>covered individual</i> dies?'  A <i>firm</i> should explain the procedure that the nominated representative should follow when the <i>covered individual</i> dies, include contact information for the funeral services provider and specify what documents will be needed.</p> <p>(5) 'What is included in the funeral plan?'  This section should clearly set out using green tick boxes and text the key products and services provided by the <i>funeral plan</i>.</p> <p>(6) 'What additional costs could there be for me?'  This section should clearly state the items which are not included in the cost of the plan and which will need to be paid for separately.  This section should use red cross boxes and text to outline the key products and services NOT included in the plan. These must include any products the <i>customer</i> may reasonably expect to be included in their funeral.  A <i>firm</i> should also specify if there is a cost to changing funeral services provider and explain that there may be additional costs</p>

			if the nominated representative chooses alternative items which are not included in the plan.
		(7)	<p>‘What happens if the <i>covered individual</i> dies before payments are completed?’</p> <p>A <i>firm</i> should provide a clear explanation of the coverage of the funeral plan contract if the <i>covered individual</i> dies before payments are completed, including any associated <i>fees</i>.</p>
		(8)	<p>‘How do I make a complaint?’</p> <p>A <i>firm</i> should explain that a <i>customer’s</i> nominated representative should complain to the <i>firm</i> in the first instance. The <i>firm</i> should provide information regarding its internal procedures for the reasonable and prompt handling of complaints.</p> <p>If the nominated representative is unhappy with the <i>firm’s</i> response, they may be able to refer the matter to the <i>Financial Ombudsman Service</i>. The representative may need to show that they are authorised to complain on behalf of the <i>customer</i>.</p>
		(9)	<p>‘Financial Services Compensation Scheme’</p> <p>A <i>firm</i> should explain that if it is unable to meet its liabilities, the <i>customer</i> (or their estate, if the <i>customer</i> has died) may be entitled to compensation from the <i>compensation scheme</i>.</p> <p>A <i>firm</i> should clearly state where <i>customers</i> and nominated representatives can find further information in relation to the <i>compensation scheme</i>.</p>

**9**            **Plan Statement**  
**Annex**  
**3**

This annex belongs to *FPCOB* 9.3.10R.

1	Format		
	The plan statement must:		
1.1	R	(1)	be a short and standalone document;
		(2)	be presented and laid out in a way that is clear and easy to read, using characters of a readable size; and
		(3)	be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white.

2	Length	
2.1	R	The plan statement must be set out on no more than 1 side of A4-sized paper when printed.
3	Presentation	
3.1	G	A <i>firm</i> , when providing the information in the plan statement, should consider:
		(1) the use of tables to display costs and other ways to make the document and information more accessible and easy-to-read;
		(2) the use of bold and italic text to highlight key information.
3.2	G	The <i>funeral plan provider</i> may insert its company logo to the right of the title.
4	Headings, corresponding information and order of content	
4.1	R	The plan statement must contain the following information, and use the headings in (3) to (7), in this sequence:
		(1) a clear and prominent statement outlining the purpose of the plan statement;
		(2) a clear and prominent statement that the <i>customer</i> should review the information in the document to consider whether the plan still meets their needs;
		(3) ‘How much have I got left to pay?’ This section should clearly set out: the <i>customer’s</i> monthly payment (as appropriate), the total cost of their plan, and the amount paid to date. This section should also prominently set out details of the outstanding balance and the duration of the remaining payments.
		(4) ‘What does my plan provide?’ This section should set out a brief summary of what is included in, and excluded from, the plan and where further information can be found. This should also include the name of the relevant funeral services provider.
		(5) ‘How do I make changes to my plan?’ A <i>firm</i> should explain whether a <i>customer</i> can make changes to the plan, how to do so, what changes they can make (e.g. paying it off more quickly, adding items to the plan) and any

			related costs. A <i>firm</i> should also explain where to find further information.
		(6)	‘How do I cancel my plan?’ A <i>firm</i> should set out clearly and prominently the <i>customer’s</i> right to cancel and identify any cancellation <i>fees</i> .
		(7)	‘Financial Services Compensation Scheme’ A <i>firm</i> should explain that if it is unable to meet its liabilities, the <i>customer</i> or <i>covered individual</i> (or their estate, if the <i>customer</i> or <i>covered individual</i> has died) may be entitled to compensation from the <i>compensation scheme</i> . A <i>firm</i> should clearly state where <i>customers</i> or <i>covered individuals</i> can find further information in relation to the <i>compensation scheme</i> .
		(8)	‘Contact us’ A <i>firm</i> should provide its contact details for the <i>customer</i> .

## 10 Arrangements for the funeral

### 10.1 Application and purpose

#### Application

- 10.1.1 R This chapter applies to a *funeral plan provider* that enters into a *funeral plan contract*, under which it undertakes to secure that another *person* provides a funeral for the *covered individual* on their death.

#### Purpose

- 10.1.2 G The purpose of the requirements in this chapter is to provide certainty at the point of sale of a *funeral plan contract* that an appropriate funeral services provider will provide the services required under the contract at no additional cost to the *customer* or the *covered individual’s* estate.

#### Arrangements with the funeral services provider

- 10.1.3 R A *firm* must, within 30 *days* of the *customer’s* purchase of a *funeral plan contract*, make appropriate arrangements for the funeral to be carried out. The arrangements must:
- (1) be legally enforceable;
  - (2) be made with a funeral services provider that is located within a reasonable distance of the *covered individual’s* address, unless:



- (a) it is clear from the nature of the *funeral plan contract* that this was not the intention of both the funeral services provider and the *customer*; or
    - (b) the *customer* agrees otherwise;
  - (3) identify the business name and address of the funeral services provider (including, as appropriate, the relevant branch) that will carry out the funeral; and
  - (4) be such as to ensure that neither the *customer* nor the *covered individual's* estate are required to make further payments to the funeral services provider to provide the funeral in accordance with the *funeral plan contract*.
- 10.1.4 R Following compliance with *FPCOB* 10.1.3R, the *firm* must within 2 *business days* provide the *customer* with a notification of:
- (1) the name, address and contact details of the relevant funeral services provider; and
  - (2) a summary of the arrangements made with the funeral services provider,
- in accordance with *FPCOB* 6.2 (Means of communication to customers).
- 10.1.5 R The *firm* must provide the notification in *FPCOB* 10.1.4R to the nominated representative at the same time as it is provided to the *customer* unless the circumstances in *FPCOB* 9.3.7R apply.
- 10.1.6 R The *firm* must regularly review the arrangements under *FPCOB* 10.1.3R to ensure that the funeral services provider will provide the services required under the *funeral plan contract*.
- 10.1.7 G For the purposes of *FPCOB* 10.1.6R, a review should take place at least every 12 *months*.
- 10.1.8 R If at any time after a *firm* has complied with *FPCOB* 10.1.3R, a *firm* becomes aware that the funeral services provider is unable or likely to be unable to provide the services required under the *funeral plan contract*, the *firm* must make alternative arrangements with another funeral services provider, at no additional cost to the *customer* or *covered individual*.
- 10.1.9 R In accordance with *FPCOB* 6.2, the *firm* must notify:
- (1) the *customer*; and
  - (2) the nominated representative, unless the *FPCOB* 9.3.6R circumstances apply,

of any new arrangements made under *FPCOB* 10.1.8R as soon as practicable and in any event, within 2 *business days* of making the arrangements.

- 10.1.10 G A *funeral plan provider* should consider its arrangements in respect of *subsisting funeral plans* and whether those arrangements would meet the purpose of the requirements in this section, what steps it might take to change those arrangements as a result and what notifications to make to the *customer* and the nominated representative.
- 10.1.11 R (1) This *rule* applies to a *funeral plan provider* which has assumed the undertaking under a *funeral plan contract* to provide, or secure the provision of, a funeral as a result of a transfer of the contract.
- (2) [*Editor's note*: Deliberately left blank pending the possibility of new rules currently being consulted on.]
- (3) The *firm* must ensure that arrangements meeting the requirements of *FPCOB* 10.1.3R are in place within 30 *days* of the completion of the transfer.
- (4) If, as a result of the *firm's* compliance with this *rule*, there are any changes to the arrangements under the contract, the *firm* must notify the *customer* and the nominated representative in compliance with *FPCOB* 10.1.4R and *FPCOB* 10.1.5R.

## 11 Fees

### 11.1 Application and purpose

#### Application

- 11.1.1 R This chapter applies to a *firm* in relation to *funeral plan provision* and *funeral plan distribution*.

#### Purpose

- 11.1.2 G *Principle 6* requires a *firm* to pay due regard to the interests of its *customers* and treat them fairly. A *firm* is also under an obligation to comply with the *customer's best interests rule* and, as a consequence of this sourcebook's *customer* communication requirements, to communicate information to *customers* in a clear, fair and not misleading way. This chapter reinforces these requirements by preventing a *firm* from imposing *fees* which amount to profit.

#### Instalment payment fee

- 11.1.3 R *FPCOB* 11.1.4R applies to a *firm* that charges an *instalment payment fee*.
- 11.1.4 R A *firm* must not impose an *instalment payment fee* on a *customer* unless it is equal to or lower than the aggregate of:

- (1) a reasonable pre-estimate of any costs incurred by the *firm* as a result of the *customer* paying in instalments rather than in a single payment; and
  - (2) a reasonable pre-estimate of any lost investment gain which is a result of that *customer* paying in instalments rather than in a single payment.
- 11.1.5 R A *firm* must be able to objectively justify that the calculation of the *instalment payment fee* does not include profit above that which the *firm* would make, or which would have been generated by *trust arrangements* or *insurance-based investment products*, if the *customer* paid for the *funeral plan contract* in a single payment.
- 11.1.6 G For the purposes of *FPCOB* 11.1.4R(2), ‘lost investment gain’ refers to a reasonable estimate of the difference between:
- (1) the investment return that instalment payments under an *instalment payment funeral plan* will make when invested under the *trust arrangements* or *insurance-based investment products* over the period of time that instalments in that plan are agreed; and
  - (2) the investment return that would have been expected from the *customer’s* payment if the *customer* had paid for the *funeral plan contract* in a single payment at the date the *funeral plan contract* was entered into and that payment (less any charges or deductions the *firm* would ordinarily have made) had been invested under the *trust arrangements* or *insurance-based investment products* for the period of time used when estimating the amount in paragraph (1).

#### Other fees

- 11.1.7 R A *firm* must ensure that any *fee*, other than an *instalment payment fee*, imposed on a *customer* is based upon a reasonable reflection of the costs incurred by the *firm*, in providing the service to which the *fee* relates, and not with a view to profit.

## 12 Handling of payments by intermediaries

### 12.1 Application and purpose

#### Application

- 12.1.1 R This chapter applies to a *firm* in relation to *funeral plan provision* and *funeral plan distribution*.
- 12.1.2 G A *firm* (including a *funeral plan provider*) that has accepted responsibility for *funeral plan distribution* undertaken by an *appointed representative* must ensure that the representative complies with this chapter as if it was an intermediary *firm* (see *FPCOB* 1.2.4R).

## Purpose

- 12.1.3 G The *rules* in this chapter mitigate the risk of loss to *customers* on the insolvency of a *firm* engaged in *funeral plan distribution*. Such a *firm* cannot receive or handle payments for a *funeral plan contract* except in the form of cash and can only receive or handle a cash payment if that contract will be effective from the moment of receipt.

## 12.2 Obligations on intermediaries

- 12.2.1 R A *firm* engaged in *funeral plan distribution* must not accept payments which are payable to a *funeral plan provider* under a *funeral plan contract* unless:
- (1) the payment is:
    - (a) received as agent for the *funeral plan provider*;
    - (b) made in cash;
    - (c) made at the time the *funeral plan contract* is entered into by the *firm* as agent of the *funeral plan provider*; and
  - (2) the following contracts each provide that the payment is deemed received by the *funeral plan provider* on receipt by the agent:
    - (a) the *funeral plan contract*;
    - (b) the contract between the *funeral plan provider* and the agent; and
    - (c) (where the *firm* is using an *appointed representative*) the contract between the *firm* and the representative.

- 12.2.3 G The effect of *FPCOB* 12.2.1R is that a *firm* engaging in *funeral plan distribution* can only accept payment for a *funeral plan contract* if the payment is in cash and the *funeral plan provider* will be bound by that contract from the moment that the payment is received by the *firm*.

- 12.2.4 R *FPCOB* 12.2.1R does not apply to:
- (1) a *funeral plan provider* when distributing its own *funeral plan contracts* directly to *customers*; or
  - (2) a payment which is an *FP distribution charge*.

## 12.3 Obligations on providers

- 12.3.1 R A *funeral plan provider* must ensure that its arrangements for another *firm* or an *appointed representative* to distribute *funeral plan contracts*:

- (1) prohibit that *person* from accepting payments payable to a *funeral plan provider*; or
- (2) prohibit such payments other than in cash and, for cash payments:
  - (a) are compatible with the requirements of *FPCOB 12.2.1R*; and
  - (b) (for arrangements with a *firm*) make clear whether or not the *firm* is permitted to appoint *appointed representatives* to act as agent for the *funeral plan provider* in receiving contractual payment.

## 12.4 Appointed representatives

- 12.4.1 G A *firm* which appoints an *appointed representative* to distribute *funeral plan contracts* should prohibit the representative from accepting payments which are payable to a *funeral plan provider* under a *funeral plan contract* (other than an *FP distribution charge*) unless the conditions at *FPCOB 12.2.1R* are satisfied.
- 12.4.2 G For the purposes of *FPCOB 12.2.1R (1)(c)* a *funeral plan contract* would be entered into at the point that an *appointed representative* acting as agent of a *funeral plan provider* bound that *funeral plan provider* to its terms.
- 12.4.3 G Where a *funeral plan provider* appoints another *firm* to undertake *funeral plan distribution* in relation to its *funeral plan contracts* and that *firm* has an *appointed representative* who it permits to accept cash payment for that contract, *FPCOB 12.2.1R(2)* would be satisfied where the *appointed representative* receives the cash payment as sub-agent for the *funeral plan provider* and the contracts which underpin the arrangements ensure this (including the contract between the *firm* and its representative).

## 13 Cancellation

### 13.1 Application

- 13.1.1 This chapter applies to a *firm* entering into a *funeral plan contract*.

### 13.2 The right to cancel

- 13.2.1 R A *customer* has a right within the longer of:
- (1) 30 days; or
  - (2) 7 days of being notified of the appointed funeral services provider (*FPCOB 10.1.4R*); or in the case of an *instalment payment funeral plan contract*, 30 days or the *moratorium period*, whichever is longer; or
  - (3) in the case of an *instalment payment funeral plan contract*, the *moratorium period*,

to cancel the *funeral plan contract*, without giving any reason and without being required to pay any amount to do so.

13.2.2 R The following events in relation to an *instalment payment funeral plan contract* must, for the purposes of this chapter, be taken to be a cancellation:

- (1) the death of the *covered individual* (other than as a result of an accident) within the *moratorium period*;
- (2) the cancellation by the *firm*, having complied with the payment shortfall rules (*FPCOB 2.3*), of the *funeral plan* due to the *customer's* failure to settle a *payment shortfall*.

13.2.3 R *FPCOB 13.2.2R* does not apply where the *customer* and *firm* have agreed that any party may pay sums outstanding under the *instalment payment funeral plan* and the *funeral plan* be redeemed.

13.2.4 G A *firm* may provide longer or additional cancellation rights voluntarily, but if it does these should be on terms at least as favourable to the *customer* as those in this chapter, and any differences should be clearly explained.

#### Exception to the right to cancel

13.2.5 R The right to cancel does not apply to a *funeral plan contract* under which a redemption request has been made or the funeral has been provided.

#### Start of the cancellation period

13.2.6 R The cancellation period begins either:

- (1) from the *day* the *customer* is informed that the contract has been concluded; or
- (2) from the *day* on which the *customer* receives the contractual terms and conditions and any other pre-contractual information required under this sourcebook, if that is later than the date referred to above.

#### Exercising a right to cancel

13.2.7 R If a *customer* exercises the right to cancel:

- (1) they must notify this to the *firm* before the expiry of the relevant deadline;
- (2) a *firm* must enable a *customer* to make the notification via the same medium by which the *customer* purchased the *funeral plan contract*; and

- (3) the deadline shall be deemed to have been observed if the notification, if on paper or another *durable medium*, is dispatched before the deadline expires.

13.2.8 G A *firm* may provide additional methods by which the *customer* can make a notification of cancellation to the *firm*.

### 13.3 Effects of cancellation

#### Termination of contract

13.3.1 R By exercising the right to cancel, the *customer* withdraws from the *funeral plan contract* and the contract is terminated.

#### Firm's obligation on cancellation

- 13.3.2 R (1) This *rule* applies where a *funeral plan contract* is:
- (a) cancelled by the *customer* in accordance with *FPCOB* 13.2.1R; or
  - (b) deemed cancelled by the *funeral plan provider* (*FPCOB* 13.2.2R) during the *moratorium period*.
- (2) A *firm* must, without any undue delay and no later than within 30 *days*, return to a *customer* any sums it has received from them in accordance with the contract, except as specified in this section.
- (3) This period shall begin from the *day* on which the *firm* receives the notification of cancellation.

## 14 Funeral plan redemption

### 14.1 Application and purpose

#### Application

- 14.1.1 R (1) This chapter applies to a *funeral plan provider* in relation to the activity of *carrying out a funeral plan contract*.
- (2) This chapter applies in relation to *subsisting funeral plans* unless compliance would be contrary to a term of the *subsisting funeral plan* agreed with the *customer* prior to 29 July 2022.

#### Purpose

14.1.2 G This chapter concerns the conduct of a *funeral plan provider* in relation to the redemption of a *funeral plan contract* upon the death of the *covered individual*.

#### Redemption

- 14.1.3 R A *funeral plan provider* must:
- (1) handle the redemption of a *funeral plan* promptly and fairly;
  - (2) provide reasonable guidance and appropriate information to help a *customer* or a nominated representative to make arrangements, in accordance with the *funeral plan contract*; and
  - (3) not unreasonably reject a request to redeem a *funeral plan* (including by cancelling a *funeral plan contract*).

Services required for the funeral plan contract

- 14.1.4 R Upon notification of the *covered individual's* death, the *funeral plan provider* must ensure that the services required for the *funeral plan contract* are delivered:
- (1) to a satisfactory quality and standard by the appointed funeral services provider, or if that funeral services provider is unable to provide the required services, appoint another funeral services provider at no additional cost to the *customer* or *covered individual's estate*; and
  - (2) in a timely manner,
- in accordance with the terms of the *funeral plan contract*.
- 14.1.5 G In relation to *FPCOB* 14.1.4R, where a *firm* uses outsourcing arrangements to fulfil this obligation, it retains the regulatory responsibility for achieving the required outcome (*FPCOB* 2.1.5G).
- 14.1.6 R Other than as set out in *FPCOB* 14.1.7R, a *firm* must not seek or obtain further payments from the *customer* or from the *covered individual's estate* to secure the funeral services as set out in the *funeral plan contract*.

Outstanding payments

- 14.1.7 R If upon the *covered individual's* death, further payments are due to the *firm* under the *funeral plan contract*, the *firm* must inform the *customer* and *covered individual's estate* within 24 hours of receiving notification of the *covered individual's* death of the following matters:
- (1) that further payments are due to the *firm* under the *funeral plan contract*;
  - (2) the sums received under the *funeral plan contract*; and
  - (3) the amount of the shortfall.



- 14.1.8 R *FPCOB* 14.1.7R does not apply where the effect of *FPCOB* 7.1.3R is that a funeral will be provided on the death of the *covered individual* even where payments are outstanding under an *instalment payment funeral plan contract*.

## 15 Prudential requirements

### 15.1 Application and purpose

General application

- 15.1.1 R Subject to *FPCOB* 15.1.2R, this chapter applies to *firms* with a *Part 4A permission* for *regulated funeral plan activities*.

- 15.1.2 R This chapter does not apply to a *PRA-authorised person*.

Purpose

- 15.1.3 G (1) The purpose of *FPCOB* 15 is to set out the detailed prudential obligations that apply to *regulated funeral plan activity*.
- (2) Adequate financial resources are necessary for the effective management of prudential risks. The *rules* in this chapter therefore impose requirements relating to the financial resources of a *firm* to which this chapter applies.
- (3) The *rules* concern the adequacy of the financial resources that a *firm* needs to hold in order to be able to meet its liabilities as they fall due (the *general solvency requirement*). These resources include both capital and liquidity resources.
- (4) The *rules* also place a *core capital resources requirement* on a *firm* to which this chapter applies. This *core capital resources requirement* varies depending on the nature of the activities undertaken by the *firm*.

### 15.2 General solvency requirement

- 15.2.1 R A *firm* must at all times maintain overall financial resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. This includes capital resources and liquidity resources.

- 15.2.2 G The liabilities referred to in the *general solvency requirement* include:

- (1) a *firm*'s contingent and prospective liabilities;
- (2) liabilities that arise both in scenarios where the *firm* is a going concern and where the *firm* ceases to be a going concern; and

- (3) claims that could be made against a *firm* which ought to be paid in accordance with fair treatment of *customers*, even if such claims could not be legally enforced.
- 15.2.3 G The liabilities referred to in the *general solvency requirement* exclude liabilities that might arise from transactions that a *firm* has not entered into and which it could avoid. This could include, for example, taking realistic management actions such as ceasing to transact new business after a suitable period of time has elapsed.
- 15.2.4 G A *firm* should therefore make its assessment of adequate financial resources on realistic valuation bases of assets and liabilities, taking into account the actual amounts and timings of cash flows under realistic adverse projections.
- 15.2.5 G Risks may be addressed through holding capital to absorb losses that unexpectedly materialise. The ability to pay liabilities as they fall due also requires liquidity. Therefore, *firms* should consider both capital and liquidity needs in assessing the adequacy of their financial resources. A *firm* should also consider the quality of its financial resources, such as the loss-absorbency of different types of capital and the time required to liquidate different types of asset.
- 15.2.6 G As part of its day-to-day supervision of a *firm*, the *FCA* may review whether the amount and quality of capital and liquidity resources that a firm holds to comply with its *general solvency requirement* is sufficient.
- 15.2.7 G Where necessary, the *FCA* may consider the use of its powers under section 166 of the *Act* (Reports by skilled persons) to assist with the review referred to in *FPCOB* 15.2.6.
- 15.2.8 G
- (1) Following such a review, the *FCA* may conclude that a *firm* should hold an additional amount or quality of capital or liquidity resources to comply with the *general solvency requirement*.
  - (2) Where this is the case, the *FCA* will normally specify an amount or quality of capital or liquidity resources that the *firm* should hold by:
    - (a) issuing *individual capital guidance*;
    - (b) issuing *individual liquidity guidance*; or
    - (c) imposing a *requirement* on the *firm*.
  - (3) The amounts in (2) will typically represent the *FCA*'s assessment of the *firm's general solvency requirement*. However, in some cases, it may be specified on a different basis (such as by reference to a specific component of the *general solvency requirement* or to a particular risk or harm).

- (4) The *FCA* may choose to conduct reviews of the *regulated funeral plans activities* sector, or aspects of it. In such cases, the *FCA* may subsequently choose to issue *guidance* on a sectoral basis or to impose additional *requirements* on all, or only a subset of, the entities included within that review. The *guidance* or *requirement* may relate to:
- (a) additional amounts or quality of capital or liquidity resources that such *firms* must hold; or
  - (b) other actions that such *firms* must undertake.
- 15.2.9 G The *FCA* will determine whether a *requirement* or *guidance* is more appropriate. Where the *FCA* chooses to issue *guidance*, this will normally explain how the *FCA* will approach supervising the *general solvency requirement* in relation to the *firm*. The *FCA* expects that the *firm* would normally confirm to the *FCA* that the *firm* will hold the amounts specified in that *guidance* going forward (and will therefore hold the relevant capital and or liquidity resources to comply with the *general solvency requirement*), unless the *firm* subsequently determines that higher amounts are required.
- 15.2.10 G Where the *FCA* considers that it is appropriate to apply a *requirement* in connection with the *general solvency requirement*, it may invite a *firm* to make a voluntary application under section 55L(5) of the *Act* to impose a *requirement* on the *firm* to hold the level of capital or liquidity resources that the *FCA* has assessed as being required by the *firm* in order to meet the *general solvency requirement*.
- 15.2.11 G *Guidance* on the *general solvency requirement* issued by the *FCA* will apply until the *FCA* issues revised *guidance* (or varies or removes the *requirement* relating to the *general solvency requirement*) in relation to the *firm*.
- 15.2.12 G If a *firm* subsequently determines, as a result of its own assessment, that it needs to hold a higher level or quality of capital or liquidity resources to satisfy the *general solvency requirement*, it must hold that higher level. This is because the *FCA*'s assessment (or a *requirement* applied to the *firm* by the *FCA*) reflects an assessment carried out at that point in time and does not relieve the *firm* of its obligation to ensure that it is meeting the *general solvency requirement* at all times.
- 15.2.13 G A *firm*'s business model or operating model may undergo a significant change, with the result that the *firm* considers that the amount or quality of capital or liquidity resources specified in the *guidance* issued by, or the *requirement* applied by, the *FCA* exceeds the amount or quality of capital or liquidity resources that the *firm* requires to comply with the *general solvency requirement*. In this case, the *firm*:
- (a) should undertake its own assessment of the amounts that the *firm* now requires to comply with the *general solvency requirement* or,

where applicable, to address the risks in relation to which the *requirement* was imposed; and

- (b) having undertaken the determination in (a), may contact the *FCA* to request a review of the existing *guidance* or *requirement*.

15.2.14 G The *FCA* will not give *individual capital guidance* or *individual liquidity guidance* to the effect that the amount of capital advised in that *guidance* is lower than the amount of capital which a *firm* should hold to meet its *core capital resources requirement*.

### 15.3 Core capital resources requirement

15.3.1 R A *firm* must at all times maintain *capital resources* equal to or in excess of its *core capital resources requirement*.

### 15.4 Capital resources: relevant accounting principles

15.4.1 R A *firm* must recognise an asset or liability, and measure its amount, in accordance with the relevant accounting principles applicable to it for the purpose of preparing its *annual financial statements*.

### 15.5 Core capital resources requirement for funeral plan provision activities

15.5.1 R Subject to *FPCOB* 15.7.1R, for a *firm* with a *Part 4A permission* to carry on *regulated funeral plan provision activities* to which *FPCOB* 15.6.1R does not apply, the *core capital resources requirement* is the higher of:

- (1) £20,000;
- (2) 2.5% of the *firm's annual income*; or
- (3) the sum of:
  - (a) the number of undrawn *funeral plan contracts* backed by *trust arrangements*, multiplied by the median of the amounts that would be payable to the *firm* under each *trust arrangement* if a funeral were required on the day following the end of the *firm's* previous period for submitting its funeral plan financials return in accordance with *SUP* 16.12, multiplied by 0.5%; and
  - (b) the number of undrawn *funeral plan contracts* backed by a *whole of life insurance policy*, multiplied by the median of the amounts payable to the *firm* under each *whole of life insurance policy* if a funeral were required on the day following the end of the *firm's* previous period for submitting its Funeral plan financials return in accordance with *SUP* 16.12, multiplied by 0.5%.

- 15.5.2 R The calculation in *FPCOB* 15.5.1R(3) does not include any undrawn *legacy funeral plan contracts* held by the *firm*.

## 15.6 Core capital resources requirement for a firm that only undertakes funeral plan distribution activity

- 15.6.1 R Subject to *FPCOB* 15.7.1R, for a *firm* with a *Part 4A permission* to carry on *funeral plan distribution activity* that does not also carry on any other *regulated funeral plan activity*, the *core capital resources requirement*, is the higher of:

- (1) £10,000; or
- (2) 2.5% of the *firm's annual income*.

## 15.7 Core capital resources requirement for a firm carrying on other regulated activity

- 15.7.1 R Where a *firm* to which this chapter applies also has a *Part 4A permission* to carry on other *regulated activities*, the capital resources requirement is the higher of:

- (1) the *core capital resources requirement* in *FPCOB* 15.5.1R or *FPCOB* 15.6.1R; and
- (2) a capital resources requirement (however described) applied to the *firm* by any other *rule* or *requirement*.

## 15.8 Calculation of annual income

Annual income

- 15.8.1 R A *firm's annual income* refers to all income received or receivable, whether arising from the *firm's permitted activities* or not, as reported in its most recent audited *annual financial statements*.

Annual income: periods of less than 12 months

- 15.8.2 R If the *firm's* most recent *annual financial statement* does not cover a 12-month period, the *annual income* is taken to be the amount in the statement converted, proportionally, to a 12-month period.

Annual income: no financial statements

- 15.8.3 R If the *firm* does not have *annual financial statements*, the *annual income* is to be taken from the forecast or other appropriate accounts which the *firm* has submitted to the *FCA* in accordance with its reporting obligations in *SUP* 16.12.

15.8.4 R If a *firm* is a *principal*, its *annual income* includes amounts due to its *appointed representative* in respect of activities for which the *firm* has accepted responsibility.

15.8.5 R If a *firm* is a *network*, it should include the relevant income due to all of its *appointed representatives* in its *annual income*.

## 15.9 Calculation of core capital resources

The calculation of a firm's core capital resources

15.9.1 R A *firm* must calculate its *capital resources for the core capital resources requirement* from the items that are eligible to contribute to a *firm's capital resources*, as set out in items 1 to 6 in the table in *FPCOB 15.9.3R*.

15.9.2 R In arriving at its calculation of its capital resources for the *core capital resources requirement* a *firm* must deduct the items set out in items 1 to 5 in the table in *FPCOB 15.9.5R*.

15.9.3 R The items that are eligible to contribute to the *capital resources* of a *firm* are set out in the following table:

	Item	Additional explanation	
1	Share capital	This must be fully paid and may include:	
		(1)	ordinary <i>share</i> capital; or
		(2)	preference <i>share</i> capital (excluding preference <i>shares</i> redeemable by shareholders within 2 years).
2	Capital other than <i>share</i> capital (for example, the capital of a <i>sole trader</i> , <i>partnership</i> or <i>limited liability partnership</i> )	(1)	The capital of a <i>sole trader</i> is the net balance on the <i>firm's</i> capital account and current account.
		(2)	The capital of a <i>partnership</i> is the capital made up of the <i>partners'</i> :
		(a)	Capital account, which is the account:
		(i)	into which capital contributed by the <i>partners</i> is paid; and
		(ii)	from which, under the terms of the <i>partnership</i> agreement, into which capital contributed by the <i>partners</i> is paid; and from which an amount representing capital may be withdrawn by a <i>partner</i> only if:

			(A)	the person ceases to be a <i>partner</i> and an equal amount is transferred to another such account by their former <i>partners</i> or any person replacing them as their <i>partner</i> , or
			(B)	the <i>partnership</i> is otherwise dissolved or wound up; and
	(b)	Current accounts according to the most recent financial statement.		
	For the purpose of the calculation of capital resources in respect of a <i>defined benefit occupational pension scheme</i> :			
	(1)	a <i>firm</i> must derecognise any <i>defined benefit asset</i> ;		
	(2)	a <i>firm</i> may substitute for a <i>defined benefit liability</i> the <i>firm's deficit reduction amount</i> , provided that the election is applied consistently in respect of any one <i>financial year</i> .		
3	Reserves (Note)	These are (subject to the Note) the audited accumulated profits retained by the <i>firm</i> (after deduction of tax, dividends and proprietors' or <i>partners'</i> drawings) and other reserves created by appropriations of share premiums and similar realised appropriations. Reserves also include gifts of capital, for example, from a <i>parent undertaking</i> .		
	For the purposes of calculating capital resources, a <i>firm</i> must make the following adjustments to its reserves, where appropriate:			
	(1)	a <i>firm</i> must deduct any unrealised gains or, where applicable, add back in any unrealised losses on debt instruments held, or formerly held, in the available-for-sale financial assets category;		
	(2)	a <i>firm</i> must deduct any unrealised gains or, where applicable, add back in any unrealised losses on cash flow hedges of financial instruments measured at cost or amortised cost;		
	(3)	in respect of a <i>defined benefit occupational pension scheme</i> :		
	(a)	a <i>firm</i> must derecognise any <i>defined benefit asset</i> ;		

		(b)	a <i>firm</i> may substitute for a <i>defined benefit liability</i> the <i>firm's reduction amount</i> , provided that the election is applied consistently in respect of any one <i>financial year</i> .
4	Interim net profits (Note)		If a <i>firm</i> seeks to include interim net profits in the calculation of its capital resources, the profits must (subject to the Note), be verified by the <i>firm's</i> external auditor, net of tax, anticipated dividends or proprietors' drawings and other appropriations.
5	Revaluation reserves		[ <i>Editor's note</i> : Deliberately left blank.]
6	Subordinated loans/debt		Subordinated loans/debt must be included in capital on the basis of the provisions in this chapter that apply to subordinated loans/debts.
<b>Note: Reserves</b>			
Reserves must be audited, and interim net profits, general and collective provisions must be verified by the <i>firm's</i> external auditor unless the <i>firm</i> is exempt from the provisions of Part 16 of the Companies Act 2006 (section 477 (Small companies: conditions for exemption from audit)) relating to the audit of accounts.			

15.9.4	G	A <i>firm</i> should keep a record of and be ready to explain to its supervisory contacts in the <i>FCA</i> the reasons for any difference between the <i>deficit reduction amount</i> and any commitment the <i>firm</i> has made in any public document to provide funding in respect of a <i>defined benefit occupational pension scheme</i> .
15.9.5	R	In arriving at its calculation of its capital resources for the <i>core capital resources requirement</i> a <i>firm</i> must deduct the items set out in the following table:



Item	Additional explanation
1	<i>Investments</i> in own shares
2	<i>Investments</i> in subsidiaries (Note 1)
3	Intangible assets (Note 2)
4	Interim net losses (Note 3)
5	Excess of drawings over profits for a <i>sole trader</i> or a <i>partnership</i> (Note 3)
Notes:	<p>1. <i>Investments</i> in subsidiaries are the full balance sheet value.</p> <p>2. Intangible assets are the full balance sheet value.</p> <p>3. The interim net losses in row 4, and the excess of drawings in row 5, are in relation to the accounting period following the date as at which the <i>capital resources</i> are being computed.</p>

#### Personal assets

15.9.6 R In relation to a *sole trader's firm* or a *firm* which is a *partnership*, the *sole trader* or a *partner* in the *firm* may use personal assets to meet the *core capital resources requirement*, to the extent necessary to make up any shortfall in meeting that requirement, unless:

- (1) those assets are needed to meet other liabilities arising from:
  - (a) personal activities; or
  - (b) another business activity not regulated by the *FCA*; or
- (2) the *firm* holds *client money* or other *client* assets in relation to *regulated activities* other than *regulated funeral plan activity*.

15.9.7 G A *sole trader* or a *partner* may use any personal assets, including property, to meet the capital requirements of this chapter, but only to the extent necessary to make up a shortfall.

#### Subordinated loans

15.9.8 R A subordinated loan/debt must not form part of the *capital resources for the core capital resources requirement* of the *firm* unless it meets the following conditions:

- (1) it has an original maturity of:
  - (a) at least 5 years; or

- (b) it is subject to 5 years' notice of repayment;
- (2) the claims of the subordinated creditors must rank behind those of all unsubordinated creditors;
- (3) the only events of default must be non-payment of any interest or principal under the debt agreement or the winding up of the *firm*;
- (4) the remedies available to the subordinated creditor in the event of non-payment or other default in respect of the subordinated loan/debt must be limited to petitioning for the winding up of the *firm* or proving the debt and claiming in the liquidation of the *firm*;
- (5) the subordinated loan/debt must not become due and payable before its stated final maturity date, except on an event of default complying with (3);
- (6) the agreement and the debt are governed by the law of England and Wales, or of Scotland or of Northern Ireland;
- (7) to the fullest extent permitted under the rules of the relevant jurisdiction, creditors must waive their right to set off amounts they owe the *firm* against subordinated amounts owed to them by the *firm*;
- (8) the terms of the subordinated loan/debt must be set out in a written agreement that contains terms that provide for the conditions set out in this *rule*; and
- (9) the loan/debt must be unsecured and fully paid up.

15.9.9 R When calculating its *capital resources*, the *firm* must exclude any amount by which the aggregate amount of its subordinated loans/debts exceeds the amount calculated as follows:

A - B

where:

A is equal to the sum of items 1 to 6 (inclusive) in the table of items in *FPCOB* 15.9.3R, which are eligible to contribute to a *firm's capital resources*.

B is equal to the sum of items 1 to 5 (inclusive) in the table of items in *FPCOB* 15.9.5R, which must be deducted in arriving at *firm's capital resources*.

## 15.10 Systems, strategies, processes and reviews

Purpose

- 15.10.1 G In addition to adequate financial resources, adequate systems and controls are necessary for the effective management of prudential risks. The rules in this section therefore impose *requirements* relating to such systems and controls.
- 15.10.2 G This section also has *rules* requiring a *firm* to identify, assess and document:
- (1) risks to it being able to meet its liabilities as they fall due;
  - (2) how it intends to mitigate these risks; and
  - (3) the amount and nature of financial resources that the *firms* consider necessary to address any remaining risks.
- 15.10.3 G The *FCA* may review this assessment as part of its own assessment of the adequacy of a *firm's* financial resources.

#### Systems, strategies, processes

- 15.10.4 R A *firm* must use sound, effective and comprehensive systems, strategies and processes to assess and maintain on an ongoing basis the amounts, types and distribution of financial resources that it considers adequate to cover:
- (1) the nature and level of the risks to which it is or might be exposed; and
  - (2) the risk that the *firm* might not be able to meet its *core capital resources requirement* and *general solvency requirement* in the future.

#### Documentation of risk assessments

- 15.10.5 R A *firm* must make a written record of the assessments required under *FPCOB* 15.10.4R. In particular, it must make a written record of:
- (1) the major sources of risk identified in accordance with *FPCOB* 15.10.4R; and
  - (2) how it intends to deal with those risks.
- 15.10.6 R A *firm* must retain the records of its assessments referred to in *FPCOB* 15.10.5R for at least 3 years.
- 15.10.7 G The *FCA* may review the written record of the assessment as set out under *FPCOB* 15.10.5R as part of its own assessment of the adequacy of a *firm's* financial resources as part of its day-to-day supervision of *firms*.

### 15.11 Action for damages

- 15.11.1 R A contravention of the *rules* in *FPCOB* 15 does not give rise to a right of action by a *private person* under section 138D of the *Act* and each of those *rules* is specified under section 138D(3) of the *Act* as a provision giving rise to no such right of action.

## 16 Resolution requirements

[*Editor's note*: Deliberately left blank pending the possibility of new rules currently being consulted on.]

## 17 Application of other parts of the Handbook

### 17.1 Application and purpose

- 17.1.1 G This chapter applies to a *firm* carrying out *regulated funeral plan activities*. It is intended to draw a *firm's* attention to the application of other key parts of the *FCA Handbook* to *firms*, as set out in the table at *FPCOB* 17.1.2G.

- 17.1.2 G Application of other parts of the Handbook and of Regulatory Guides

Module	Relevance to Funeral Plan Firms
The Principles for Businesses ( <i>PRIN</i> )	The Principles for Businesses ( <i>PRIN</i> ) set out high-level requirements imposed by the <i>FCA</i> . They provide a general statement of regulatory requirements. The <i>Principles</i> apply to all <i>firms</i> .
Senior Management Arrangements, Systems and Controls ( <i>SYSC</i> )	<i>SYSC</i> 1, <i>SYSC</i> 4 to 10, <i>SYSC</i> 18, <i>SYSC</i> 19F.3, <i>SYSC</i> 21, <i>SYSC</i> 22, <i>SYSC</i> 23, <i>SYSC</i> 24, <i>SYSC</i> 27 and <i>SYSC</i> 28A apply to <i>firms</i> carrying out <i>regulated funeral plan activities</i> .
Code of Conduct ( <i>COCON</i> )	This contains <i>rules</i> and <i>guidance</i> that are directly applicable to a <i>firm's</i> <i>SMF managers</i> , <i>certification employees</i> and other <i>conduct rules staff</i> . It also contains <i>guidance</i> for <i>firms</i> on giving their staff training about <i>COCON</i> and general factors to which the <i>FCA</i> will have regard when assessing compliance with the <i>COCON</i> rules.
Threshold Conditions ( <i>COND</i> )	In order to become <i>authorised</i> under the <i>Act</i> all <i>firms</i> must meet the <i>threshold conditions</i> . The <i>threshold conditions</i> must be met on a continuing basis by <i>firms</i> . Failure to meet one of the conditions is sufficient grounds for the exercise by the <i>FCA</i> of its powers.

<p>Statements of Principle and Code of Practice for Approved Persons (<i>APER</i>)</p>	<p><i>APER</i> applies to <i>FCA approved persons</i> working within an <i>appointed representative</i> and so is not relevant to a <i>firm</i> without <i>appointed representatives</i>.</p> <p>The <i>Statements of Principle</i> are <i>rules</i> made under section 64A(1)(a) of the <i>Act</i> (Rules of conduct).</p> <p>The <i>Code of Practice for Approved Persons</i> sets out descriptions of conduct which, in the opinion of the <i>FCA</i>, do or do not comply with a <i>Statement of Principle</i>. The <i>Code of Practice for Approved Persons</i> also sets out, in certain cases, factors which, in the opinion of the <i>FCA</i>, are to be taken into account in determining whether or not an <i>approved person's</i> conduct complies with a <i>Statement of Principle</i>.</p>
<p>The Fit and Proper test for Employees and Senior Personnel (<i>FIT</i>)</p>	<p>The purpose of <i>FIT</i> is to set out and describe the criteria that a <i>firm</i> should consider when assessing the fitness and propriety of a <i>person</i>:</p> <ol style="list-style-type: none"> <li>(1) in respect of whom an application is being made for approval to undertake a <i>controlled function</i> under the senior managers regime;</li> <li>(2) who has already been approved;</li> <li>(3) who is a <i>certification employee</i>; or</li> <li>(4) whom a <i>firm</i> is considering appointing to be a <i>certification employee</i>.</li> </ol> <p>It also sets out and describes criteria that the <i>FCA</i> will consider when assessing the fitness and propriety of a <i>candidate</i> for a <i>controlled function</i> position and that it may consider when assessing the continuing fitness and propriety of <i>approved persons</i>.</p>
<p>Training and Competence (<i>TC</i>)</p>	<p><i>TC</i> sets out rules and guidance regarding the competence of a <i>firm's</i> employees, continuing professional development and associated record keeping requirements.</p>
<p>General Provisions (<i>GEN</i>)</p>	<p><i>GEN</i> contains <i>rules</i> and <i>guidance</i> on general matters, including interpreting the <i>FCA Handbook</i>, statutory status disclosure, the <i>FCA's</i> logo and insurance against financial penalties.</p>
<p>Fees manual (<i>FEES</i>)</p>	<p>This manual sets out the fees applying to <i>firms</i>.</p>
<p>Product Intervention and Product</p>	<p>The purpose of <i>PROD</i> is to improve <i>firms'</i> product oversight and governance processes. For <i>funeral plan products</i>, this sets out the systems and controls which</p>

Governance Sourcebook ( <i>PROD</i> )	need to be established by product <i>manufacturers</i> and <i>distributors</i> to deliver fair value products. <i>PROD</i> also sets out the <i>FCA</i> 's statement of policy on making temporary and permanent product intervention rules.
Supervision manual ( <i>SUP</i> )	<i>SUP</i> sets out the relationship between the <i>FCA</i> and <i>firms</i> . As a general rule, <i>SUP</i> contains material that is of continuing relevance after authorisation.
Decision, Procedure and Penalties manual ( <i>DEPP</i> )	<i>DEPP</i> sets out: (1) the <i>FCA</i> 's decision-making procedure for giving <i>statutory notices</i> . These are <i>warning notices</i> , <i>decision notices</i> and <i>supervisory notices</i> ( <i>DEPP</i> 1.2 to <i>DEPP</i> 5); and (2) the <i>FCA</i> 's policy with respect to the imposition and amount of penalties under the <i>Act</i> (see <i>DEPP</i> 6).
Dispute Resolution: Complaints ( <i>DISP</i> )	<i>DISP</i> sets out <i>rules</i> and <i>guidance</i> in relation to treating complainants fairly and the <i>Financial Ombudsman Service</i> .
Compensation ( <i>COMP</i> )	<i>COMP</i> sets out <i>rules</i> relating to the scheme for compensating <i>consumers</i> when authorised <i>firms</i> are unable, or likely to be unable, to satisfy claims against them.
Professional Firms ( <i>PROF</i> )	<i>PROF</i> is relevant to <i>exempt professional firms</i> and <i>authorised professional firms</i> which engage in <i>funeral plan distribution</i> .
The Enforcement Guide ( <i>EG</i> )	The Enforcement Guide ( <i>EG</i> ) describes the <i>FCA</i> 's approach to exercising the main enforcement powers given to it by the <i>Act</i> and by other legislation.
Financial Crime Guide: A firm's guide to countering financial crime risks ( <i>FCG</i> ) and Financial Crime Thematic Reviews ( <i>FCTR</i> )	<i>FCG</i> and <i>FCTR</i> provide <i>guidance</i> on steps that a <i>firm</i> can take to reduce the risk that it might be used to further <i>financial crime</i> .
The Perimeter Guidance Manual ( <i>PERG</i> )	The purpose of <i>PERG</i> is to give <i>guidance</i> about the circumstances in which <i>authorisation</i> is required, or <i>exempt person</i> status is available, including <i>guidance</i>

	on the activities which are regulated under the <i>Act</i> and the exclusions which are available.
The Unfair Contract Terms and Consumer Notices Regulatory Guide ( <i>UNFCOG</i> )	<i>UNFCOG</i> explains the <i>FCA</i> 's policy on how it will use its powers under the Consumer Rights Act 2015 in relation to unfair terms and consumer notices.

**Schedule 1** [*Editor's note:* Deliberately left blank pending the possibility of new schedules currently being consulted on.]

**Schedule 2** [*Editor's note:* Deliberately left blank pending the possibility of new schedules currently being consulted on.]

**Schedule 3** [*Editor's note:* Deliberately left blank pending the possibility of new schedules currently being consulted on.]

## Annex N

### Amendments to the Perimeter Guidance manual (PERG)

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

## 2 Authorisation and regulated activities

...

### 2.3 The business element

...

#### 2.3.2 G ...

(1) ...

...

(4) The business element for all other *regulated activities* is that the activities are carried on by way of business. This applies to the activities of *effecting or carrying out contracts of insurance*, certain activities relating to the Lloyd's market, *entering as provider into a funeral plan contract, carrying out a funeral plan contract as provider, entering into a home finance transaction or administering a home finance transaction, operating a dormant account fund, credit-related regulated activities* (subject to the modification for *not-for-profit bodies* in (3B)) and *operating an electronic system in relation to lending*.

...

### 2.4 Link between activities and the United Kingdom

...

2.4.2A G The regulated funeral plan activities only apply if the contract is for a funeral in the United Kingdom.

...

### 2.6 Specified investments: a broad outline

...

Rights under a contract of insurance



...

- 2.6.8 G Certain arrangements in relation to funeral plans are specifically excluded from being *contracts of insurance* if they would otherwise be so. The exclusion applies to arrangements that fall within the definition of a *funeral plan contract* (see *PERG 2.6.26G*) ~~as well as arrangements that are excluded from the regulated activity of entering as provider into funeral plan contracts (see *PERG 2.8.14G*).~~

...

#### Rights under a funeral plan

- 2.6.26 G (1) Rights under a *funeral plan contract* are the rights to a funeral obtained by a *person* who pays for the funeral before the death of the *person* whose funeral it will be.
- (2) The definition of *funeral plan contract* excludes those contracts under which the *customer* and the *funeral plan provider* intend or expect that the funeral will be provided within one *month* of the contract being entered into.

...

#### Rights under a regulated sale and rent back agreement

- 2.6.27C G ...

#### Rights to or interests in investments

- 2.6.28 G ...

- 2.6.29 G (1) There are several things that are not covered by this category (other than rights to, or interests in, rights under a mortgage contract). Anything that is covered by any other *specified investment* category is excluded, as are interests under the trusts of an *occupational pension scheme*. ~~Finally, where a contract is excluded from the scope of the regulated activity of entering as provider into a funeral plan contract (see *PERG 2.8.14G*), then rights to, or interests in, the *contracts of insurance* or interests under the trusts, to which the contracts relate are also excluded from this *specified investment* category.~~
- (2) There are also excluded from this category rights or interests acquired as a result of entering into a *funeral plan contract*. Where the *funeral plan contract* is trust or insurance-backed (see *FPCOB 3*), the effect of this exclusion is that rights to, or interests in, the *contract of insurance* or interests under trust to which the contract relates are excluded from this *specified investment* category. Rights under the *funeral plan contract* itself which a *person* obtains when

they enter into a funeral plan contract are covered by the specified investment category described in PERG 2.6.26G.

...

## 2.7 Activities: a broad outline

...

Dealing in investments (as principal or agent)

2.7.5 G ...

2.7.6 G Both the activities of *dealing in investments as principal* and *dealing in investments as agent* are defined in terms of ‘buying, selling, subscribing for or underwriting’ certain *investments*. These *investments* are:

...

(2) for *dealing in investments as agent, securities, structured deposits and relevant investments* (~~except rights under a funeral plan contract~~).

...

Entering into funeral plan contracts

2.7.18 G *Entering as provider into a funeral plan contract is a regulated activity. The ‘provider’, for the purposes of this activity, is the person to whom the pre-payments are made and who undertakes to provide, or secure the provision of, the funeral at some future point. He They may be the funeral services provider or a third party who arranges for another person to provide the funeral. ~~Certain types of funeral plan contract are excluded (see PERG 2.8.14G).~~*

2.7.18A G It is the FCA’s view that, in the case of a funeral plan contract involving more than one payment (such as an instalment payment funeral plan), the funeral plan provider does not enter as provider into a funeral plan contract on the occasion of each individual payment.

2.7.19 G In addition, other activities carried on in relation to rights under certain *funeral plan contracts* are regulated (see ~~PERG 2.7.5G to PERG 2.7.11G and PERG 2.7.15G and PERG 2.7.16G~~ PERG 2.7.6G, PERG 2.7.7AG(1) and (2), PERG 2.7.8G, PERG 2.7.9G, PERG 2.7.10G, PERG 2.7.11G and PERG 2.7.14CG to PERG 2.7.16-AG). This is because such rights are classified as *contractually based investments*.

Carrying out funeral plan contracts as provider

2.7.19-A G Carrying out a funeral plan contract as provider is a regulated activity. This regulated activity applies in relation to both new funeral plan contracts and

those which were entered into by funeral plan providers before 29 July 2022 in reliance on the exclusions for trust and insurance-backed plans which were formerly contained in article 60 of the Regulated Activities Order.

2.7.19-B G In its consultation on the regulation of pre-paid funeral plans (June 2019), the Treasury indicated that this regulated activity was intended to cover the administration of funeral plan contracts after the point of sale. However, the Treasury’s consultation also explained that the regulated activity of carrying out a funeral plan contract as provider was not intended to extend to the activities of the funeral services provider in providing the end service for which pre-payment is made under the funeral plan contract (whether or not the funeral services provider is also the provider of the funeral plan contract).

2.7.19-C G For the purposes of this regulated activity, the definition of funeral plan provider includes a person who has assumed the undertaking referred to in PERG 2.7.18G to provide, or secure that another person provides, the funeral.

...

## 2.8 Exclusions applicable to particular regulated activities

...

### Dealing in investments as agent

2.8.5 G The regulated activity of dealing in investments as agent applies to specified transactions relating to any security or to any relevant investment, ~~(apart from rights under funeral plan contracts or rights to or interests in such rights).~~ In addition, the The activity is cut back by exclusions as follows.

...

...

### Entering funeral plan contracts Entering into funeral plan contracts and carrying out funeral plan contracts as provider

2.8.14 G Entering as provider into a funeral plan contract is not treated as a regulated activity where:

- (1) the contract is one under which the sums received from the customer will be applied towards a contract of insurance on the life of the person whose funeral is to be provided or be held on trust for the purpose of providing a funeral; in each case certain specified conditions must be met for the exclusion to apply; or The definition of funeral plan contract excludes those contracts under which the customer and the funeral plan provider intend or expect that the

funeral will be provided within one month of the contract being entered into.

- (2) ~~the customer and the provider intend or expect that the funeral will be provided within one month of the contract being entered into; or~~ The exclusion relating to activities carried on by a local authority (see PERG 2.9.23G) applies to the funeral plan provision activities.
- (3) [deleted]
- (4) ~~it is provided by a firm with a Part 4A permission to manage a UK UCITS or manage an AIF in connection with, or for the purposes of, managing a UK UCITS or managing an AIF (see PERG 2.9.22G (Managers of UCITS and AIFs)).~~ The funeral plan provision activities are subject to the exclusion for firms with a Part 4A permission to manage an AIF or manage a UK UCITS for activities carried on in connection with, or for the purposes of, managing a UK UCITS or managing an AIF.

...

## 2.9 Regulated activities: exclusions applicable in certain circumstances

2.9.1 G The various exclusions outlined below deal with a range of different circumstances.

- (1) ~~Each set of circumstances described in PERG 2.9.3G to PERG 2.9.17G has some application to several regulated activities relating to securities, structured deposits, relevant investments or home finance transactions. They have no effect in relation to the separate regulated activities of accepting deposits, issuing electronic money, effecting or carrying out contracts of insurance, advising on syndicate participation at Lloyd's, managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's or entering as provider into a funeral plan contract.~~ Within each set of circumstances, the Regulated Activities Order, in Chapter XVII of Part II of the Order, makes separate provision for each regulated activity affected. This is necessary because each exclusion has to be tailored to reflect the different nature of the regulated activity involved and the different language required (for example, some activities involve entering directly into transactions while others relate to the provision of services).

...

Local authorities

2.9.23 G This group of exclusions applies, in specified circumstances, to the regulated activities of:

(1) ...

...

(23A) entering as provider into a funeral plan contract;

(23B) carrying out a funeral plan contract as provider;

...

...

## 2.10 Persons carrying on regulated activities who do not need authorisation

...

Members of the professions

...

2.10.14 G The *regulated activities* that may be carried on in this way are restricted by an Order made by the Treasury under section 327(6) of the *Act* (Exemption from the general prohibition) (the *Non-Exempt Activities Order*). Accordingly, under that section, a *person* may not by way of business carry on any of the following activities without *authorisation*:

(1) ...

...

(7A) carrying out a funeral plan contract as provider;

...

...

## 2 Annex Regulated activities and the permission regime

2

...

Table 1: Regulated Activities (excluding PRA-only activities) [See note 1 to Table 1]	
Regulated activity	Specified investment in relation to which the regulated activity (in the corresponding section of column one) may be carried on
...	

<b>Funeral plan providers</b>	
(u) <i>entering as provider into a funeral plan contract</i> (article 59(1)) [ <del>see note 1A to Table 1</del> ]	<i>funeral plan contract</i> (article 87) [ <u>see Note 1A to Table 1</u> ]
(ua) <i>carrying out a funeral plan contract as provider</i> (article 59(1A))	
...	
Notes to Table 1	
...	
<p>Note 1A:</p> <p><i>Funeral plan contracts are contractually based investments. Accordingly, the following are regulated activities when carried on in relation to a funeral plan contract: (a) <u>dealing in investments as agent</u>, (b) <u>arranging (bringing about) deals in investments</u>, <del>(c)</del> <u>making arrangements with a view to transactions in investments</u>, <del>(d)</del> <u>managing investments</u>, <del>(e)</del> <u>safeguarding and administering investments</u>, <del>(f)</del> <u>advising on investments (except P2P agreements)</u>, <del>(g)</del> <u>sending dematerialised instructions</u> and <del>(h)</del> <u>causing dematerialised instructions to be sent</u> (as well as agreeing to carry on each of the activities listed in (a) to <del>(g)</del> <u>(h)</u>). However, they are not <i>designated investment business</i>.</i></p>	
...	
<p>Note 2:</p> <p>For the purposes of the <del>regulated activities</del> <u>regulated activity</u> of <i>dealing in investments as principal</i> (article 14) <del>and <i>dealing in investments as agent</i> (article 21)</del>, the definition of <i>contractually based investments</i> [expanded in Table 3] excludes a <i>funeral plan contract</i> (article 87) and rights to or interests in <i>funeral plan contracts</i>.</p>	
...	
<b>Table 3: Securities, contractually based investments and relevant investments</b> [see notes 1 and 2 to Table 3]	
...	
<b>Notes to Table 3</b>	
...	

Note 2:

For the purposes of the ~~regulated activities~~ regulated activity of *dealing in investments as principal* (article 14) ~~and dealing in investments as agent (article 21)~~, the definition of *contractually based investments* excludes a *funeral plan contract* (article 87) and rights to or interests in *funeral plan contracts*.

...

## 8 Financial promotion and related activities

### 8.1 Application and purpose

...

Purpose of guidance

...

8.1.3 G In particular, this *guidance* covers:

(1) ...

...

(11) ~~financial promotions concerning funeral plans (see PERG 8.16);~~  
[deleted]

...

...

### 8.7 Engage in investment activity

...

8.7.2 G *Controlled activity* and *controlled investment* are defined in Schedule 1 to the *Financial Promotion Order* and are listed in *PERG 8.36.3G* and *PERG 8.36.4G*. Broadly speaking, *controlled activities* and *controlled investments* are similar to *regulated activities* and *specified investments* under the *Regulated Activities Order*. However, with *controlled activities*, the exclusions set out in the *Regulated Activities Order* do not, in most cases, apply. It is important to note, however, that there are certain differences between *controlled activities* and *regulated activities* and between *controlled investments* and *specified investments*. This is most notable where the *financial promotion* is about:

(1) certain credit agreements (see *PERG 8.17* (Financial promotions concerning agreements for qualifying credit)); and

- (2) *funeral plan contracts* (see *PERG 8.16* (Financial promotions concerning funeral plans)); and [deleted]

...

...

## 8.16 Financial promotions concerning funeral plans

- 8.16.1 G ~~Section 21 of the Act came into force for financial promotions about funeral plans on 1 January 2002. A financial promotion about funeral plans is subject to the restriction in section 21 of the Act if it relates to a pre-paid funeral plan of any kind where the provider of the plan carries on the regulated activity of entering as provider into a funeral plan contract under article 59 of the Regulated Activities Order (see *PERG 2.8.14G*). This is the case even if the actual plan being promoted is excluded under article 60 of the Regulated Activities Order. However, providers may choose only to enter into funeral plan contracts which are excluded under article 60 of the Regulated Activities Order. If this is the case, any financial promotion relating to those plans will not be subject to the restriction in section 21 of the Act. [deleted]~~

...

## 8.36 Illustrative tables

...

- 8.36.3 G Table Controlled activities

1.	...
...	
9.	<del>Providing</del> <u>Entering into</u> funeral plan contracts
<u>9A.</u>	<u>Carrying out</u> funeral plan contracts
...	

...

## 16 Scope of the Alternative Investment Fund Managers Regime

...

### 16.2 What types of funds and businesses are caught?

- G ...

Question 2.39: Are funeral plans caught?



No. A funeral plan contract is not caught. Neither is a contract which would be a funeral plan contract but for the proviso to article 59(2) of the RAO or ~~the exclusion in article 60 of the RAO.~~

...

...