

Quarterly Consultation

CP24/11

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How to respond

The Financial Conduct Authority invites comments on this consultation paper. Comments should reach us by 12 August 2024.

Comments may be sent by electronic submission using the form on the [FCA's website](#).

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If you are responding in writing to several chapters please send your comments to Lisa Ocerro in the Handbook Team, who will pass your responses on as appropriate.

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Chapter 1

Overview

| Chapter No | Proposed changes to Handbook | Consultation Closing Period |
|------------|--|-----------------------------|
| 2 | To introduce criminal background checks on owners and controllers at the Authorisation's gateway. | 5 weeks |
| 3 | To make changes to SUP 11.3.1BG and delete SUP Annex 6G following our recent consultation on proposed non-Handbook guidance for the prudential assessment of acquisitions and increases in control. | 5 weeks |
| 4 | To make changes to reflect amendments that the Treasury made to the UK MiFID delegated regulation in the Handbook (Glossary of definitions and COBS). | 5 weeks |
| 5 | To delete COLL 5.2.30R(1)(c) so that the provisions in COLL 5.2.29R apply at the sub-fund level of an umbrella Collective Investment Scheme (CIS) investing in units of other CIS. To provide clarification that the 25% limit set out in COLL 5.2.29R(3) must be applied at the level of the individual sub-funds of an umbrella CIS when its units are held by another CIS. | 5 weeks |
| 6 | To remove from the Handbook certain EU-withdrawal related provisions which have now expired and to rename certain terms. | 5 weeks |
| 7 | To make a consequential amendment to the UK version of Commission Delegated Regulation (EU) 2015/2 of 30 September 2014, the regulatory technical standards for the presentation of the information that credit rating agencies make available to the FCA – namely, updating the cross-reference to the definition of 'securitisation' to reflect the definition in the Securitisation Regulations 2024. | 5 weeks |
| 8 | To remove references to long-term investment funds (LTIFs), the LTIF Regulation and EEA LTIFs from the Handbook following the government's repeal of the LTIF Regulation on 1 January 2024. | 5 weeks |
| 9 | Minor modifications to the MiFIR technical standards dealing with transparency to facilitate transitioning to a new regime in 2025. | 5 weeks |

Chapter 2

Introducing criminal background checks on owners and controllers at the Authorisation's gateway

Introduction

- 2.1** The Financial Action Task Force (FATF) recommended that the FCA consider the wider use of criminal background checks on owners and controllers of financial institutions. This recommendation is aimed at ensuring that criminals and their associates are prevented from owning or controlling financial institutions.
- 2.2** The FCA currently conducts criminal background checks on a risk-based approach, meaning checks are performed when specific concerns about an individual's fitness and propriety arise. This is in contrast to other statutory anti-money laundering (AML) and counter-terrorist financing (CFT) supervisors such as His Majesty's Revenues & Customs (HMRC) and the Gambling Commission, where such checks are performed routinely.
- 2.3** In line with the FATF recommendation, the FCA (in agreement with the Prudential Regulation Authority (PRA)) is now proposing to require controllers and beneficial owners to obtain criminal background checks from the Disclosure and Barring Service (DBS) (or equivalent for persons outside of England and Wales). This requirement will apply to those making an application for authorisation or registration with the FCA and for a notice of an intended acquisition or increase in control ('change in control' or 'CIC').

Summary of proposals

- 2.4** Our proposals will apply to the following persons (referred to elsewhere in this chapter more generally as 'controllers'):
- potential controllers submitting a CIC notice under Part XII of Financial Services and Markets Act 2000 (FSMA)
 - controllers of firms applying to become authorised persons under FSMA (new firm authorisations (NFA)) (both Markets in Financial Instruments Directive (MiFID) and non-MiFID)
 - individuals with a qualifying holding in a payment institution or e-money institution
 - beneficial owners of Annex 1 financial institutions and cryptoasset businesses registered under regulation 54(1A) of the Money Laundering Regulations (MLRs)
 - persons submitting a CIC notice in accordance with the MLRs, Payment Services Regulations 2017 (PSRs) and the Electronic Money Regulations 2011 (EMRs)

- controllers submitting an application or notification made to the PRA where the FCA is required to provide its consent or consultation (excluding appointed representatives (AR))

- 2.5** Our proposals will not apply to controllers of any AR under FSMA or agents under the PSRs and EMRs. Nor will the proposals replace any existing processes for Senior Management Functions' (SMFs) holders who may also propose to be a controller within these areas.
- 2.6** We are proposing to introduce DBS checks for controllers (or an equivalent for persons outside of England and Wales). We propose to implement this change by asking applicants or notice givers to confirm to the FCA that a DBS check for controllers has been undertaken within the last 6 months when submitting the relevant application or CIC notification. In addition to this confirmation, the FCA may request a copy of the DBS certificate when deemed necessary. This will be determined by the FCA on a case-by-case basis.
- 2.7** Subject to feedback from this consultation, we propose that this requirement will apply for all new applications or notifications submitted from January 2025 onwards. The change will not impact any applications or notifications submitted before this date, including those which have not yet been determined when the new requirements are introduced.
- 2.8** Previously for non-SMF controllers or beneficial owners of financial institutions and registered firms, we have not routinely undertaken criminal record checks. We are able to conduct such a check (or request that a check is undertaken) if we consider it appropriate when considering the application during the initial assessment. By introducing DBS checks (or equivalent) more widely, we will be able to enhance our assessments of controllers in the future, with the aim to create greater market integrity and consumer protection.
- 2.9** Our proposal is to require a basic or standard DBS check on controllers. This provides the appropriate level of information needed for the FCA to fulfil its functions under the MLRs. We will not request an enhanced DBS check, which is typically used for working with children or vulnerable adults.
- 2.10** A standard DBS will contain details of both spent and unspent convictions, cautions, reprimands, and warnings that are held on the Police National Computer (PNC), which are not subject to filtering. Although a basic DBS would only show details relating to unspent convictions, we believe that this alongside our existing disclosure questions and checks at application will allow us to effectively consider an individual's criminal background and prevent criminals from being financial controllers.
- 2.11** We propose to request confirmation that a standard DBS check has been undertaken for controllers where the application or notification is being submitted with the involvement of the relevant authorised or registered firm (or firm(s) seeking authorisation or registration). As an individual cannot apply for a standard DBS check by themselves, it will need to be applied for by an employer or firm, for example.

- 2.12** However, where an authorised or registered firm is not involved in an application (for example, some CIC notices), we propose that a basic DBS check is requested by the individual. This is because the alternative for an individual obtaining a standard DBS check or above on themselves is to request this via a Responsible Organisation (RO), which we do not believe would be routinely proportionate.
- 2.13** In requesting a DBS check (or equivalent) – and before requesting a copy of the certificate – we will ensure we comply with the legal restrictions on spent convictions set out in the Rehabilitation of Offenders Act 1974 and the various exemptions orders that apply in England and Wales, Scotland and Northern Ireland.
- 2.14** From January 2025, where an individual has submitted an application/notification within the preceding 6 months and a DBS check was undertaken, a new DBS check will not be required. In respect to the variation of permissions (VoP) process, where a firm is already authorised or registered, we would not require the firm to request a DBS check, however, the firm should continue to ensure the fitness of its controllers and owners.
- 2.15** We expect the proposal to deter controllers from deliberately not disclosing adverse information on the assumption that we will not challenge this or seek further information or confirmation.
- 2.16** We have taken account of the expense and the time involved in obtaining a DBS check (or equivalent). We consider that the proposal will not create an unnecessary burden for firms and controllers, or impede their ability to apply for authorisation, registration or the approval of a CIC notice.
- 2.17** Requiring controllers to undergo a DBS check would be consistent with the requirement that criminal records checks must be undertaken as part of an application to become an approved person under the Senior Manager's & Certification Regime (SM&CR).
- 2.18** It is anticipated that the proposal will not have meaningful impact on the assessment times for routine applications or CIC notifications, given that the DBS check will need to have been undertaken before the application or CIC notification is submitted.

Exceptions

- 2.19** We propose that the requirement for DBS checks (or equivalents) is a reasonable measure to assess controllers' criminal backgrounds (although it is not the only measure available to the FCA). However, we recognise that in rare cases this requirement may be unreasonable where, for example, a DBS equivalent cannot be obtained due to jurisdictional limitations. It is likely that these cases will be outliers, as a DBS equivalent is available in most jurisdictions and the processing timescales are broadly consistent with the DBS service in the UK. In such circumstances where an individual may not be able to obtain a DBS equivalent, we will conduct a risk-based assessment to determine the appropriateness of this exception, strictly adhering to the established FCA risk tolerance framework.

- 2.20** We also understand that it may not be possible for proposed controllers to undertake a DBS where a notification of change needs to be completed in rare or unusual circumstances and to extremely short timeframes. In circumstances where such transactions involve individuals, we propose to take a risk-based approach in line with the current FCA risk tolerance framework.
- 2.21** We believe that these exceptions create a flexible approach, while maintaining standards and supporting the wider aim to prevent criminals from being financial controllers.

Question 2.1: Do you agree with our proposals to introduce DBS checks (or equivalent) at the authorisation's gateway?

Rule Review Framework

- 2.22** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 2.23** Section 138I of FSMA requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results unless we consider the proposal will not give rise to any cost or that the increase in costs will be of minimal significance.
- 2.24** Both types of DBS cost £18 per application and take up to 14 days to generate (at the time of consultation). For controllers who are not able to carry out a DBS check (such as overseas controllers), we propose for a DBS-equivalent to be obtained. A sample of other jurisdictions indicates a DBS equivalent cost is between £1 and £17, with the same sample indicating that the outcome of a DBS equivalent is normally received within 20 days.
- 2.25** Based on data from applications for a CIC in 2024, we expect 4 individuals in every 10 applications would require a DBS check where they had not required one before and do not currently have one. It is not proportionate to calculate the number of additional DBS we would expect for each new firm authorisation as we cannot easily access the data to tell us this. Instead, we have assumed a range between 1 and 5 new DBS checks. This does not represent an upper and lower bound, but rather a reasonable range within which we expect the true average value to fall. We saw 4,400 applications for new authorisation and CIC in 2022 and 3,500 in 2022. Based on the average over these 2 years, we expect there to be between 3,000 and 12,100 additional DBS checks a year, costing all firms a total of between £53,000 and £217,000 a year (between £13 and £55, on average per firm per year).

- 2.26** As such, while there is a cost associated with applying for a DBS, the costs are minimal, necessary and proportionate to our aims, to deter controllers from deliberately not disclosing adverse information on the assumption that we will not challenge this or seek further information or confirmation.

Impact on mutual societies

- 2.27** Section 138K of FSMA requires us to state whether, in our opinion, our proposed rules have a significantly different impact on authorised persons who are mutual societies, compared to other authorised persons. We do not believe this will be the case because mutuals are not subject to CIC/NFA regimes – we solely maintain a register for these types of firms.

Compatibility statement

- 2.28** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 2.29** We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments advance our operational objectives of protecting and enhancing the integrity of the UK financial system and securing an appropriate degree of consumer protection.
- 2.30** Through widening the use of criminal background checks at the gateway, our proposals will advance consumer protection by filling a gap in the checks we undertake on owners and controllers of financial institutions and preventing bad actors from being controllers of registered firms. These checks will also further market integrity by requiring controllers to be more transparent by carrying out a DBS check, increasing market surveillance and trust.
- 2.31** We are satisfied that any burdens or restrictions are proportionate to the expected benefits. As discussed above, the expense and timings associated with gaining a DBS are estimated to be in the range of £53,000 to £217,000 a year across all firms. Equally, where an overseas DBS equivalent must be received, we are satisfied that this does not increase any burden on the individual. We are also satisfied that we have provided reasonable alternatives where a DBS (or equivalent) would not be appropriate, such as where there is no reasonable overseas alternative or a CIC notification is needed with extreme urgency, for example.

- 2.32** From publicly available data, we do not believe that our proposals will have any meaningful impact on the DBS service, as the additional requests would only represent less than 0.5% of its overall requests per month. Therefore, we do not believe that the introduction of these proposals would cause any delays within the DBS service.
- 2.33** We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective. Through increasing background checks at the authorisations gateway, we are confident that we will be able to prevent criminals from being in positions of financial control. This will reduce the negative impact of financial crime on the economy and increase trust in the controllers of financial institutions. FCA standards will also be more closely aligned with those of other bodies, such as HMRC and the Gambling Commission.

Equality and diversity

- 2.34** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 2.35** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 3

Amendments to SUP following guidance consultation on prudential assessment of acquisitions and increases in control

Introduction

- 3.1** In November 2023 we consulted, with the Prudential Regulation Authority (PRA), on proposals to replace the EU guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in the financial sector (the 3L3 Guidelines) with non-Handbook guidance on the prudential assessment of acquisitions and increases in control (the Change in Control Guidelines) and an equivalent PRA supervisory statement ([CP23/23](#)).
- 3.2** The Change in Control Guidelines largely replicate the 3L3 Guidelines but include some re-phrasing, simplification and changes to align with the UK approach and reflect the new power to impose conditions introduced by the Financial Services and Markets Act 2023 (FSMA 2023). The Change in Control Guidelines set out guidance and expectations on:
- identifying qualified holdings, including the concepts of significant influence, aggregated holdings and indirect controllers
 - submitting the change in control notification and additional information the FCA may require, and the approach to completeness
 - the assessment criteria (in accordance with section 186 of the Financial Services and Markets Act 2000 (FSMA)) used to assess notifications to acquire or increase control in FCA authorised firms operating in the UK
 - how the FCA would use its statutory powers to impose conditions on an approval when it advances its objectives
- 3.3** The consultation closed on 23 February 2024. We have now considered feedback and intend to issue final guidance in Q4 2024.

Summary of proposals

- 3.4** We propose to amend the Supervision manual (SUP) in line with the issuance of the final guidance.
- 3.5** SUP 11.3.1BG refers readers to SUP 11 Annex 6G, which refers to the 3L3 Guidelines, as well as guidance in relation to the aggregation of shares/voting power and acting in concert. We intend to:

- replace the wording in SUP 11.3.1BG to refer readers to the Change in Control Guidelines
- delete SUP 11 Annex 6G

3.6 The Change in Control Guidelines incorporate the material currently found in SUP 11 Annex 6G but also provide further guidance and examples. We intend to remove SUP 11 Annex 6G to minimise duplication.

Question 3.1: Do you agree with our proposals to replace the reference to the 3L3 Guidelines in SUP 11.3.1BG with the Change in Control Guidelines and delete SUP 11 Annex 6G? If not, please explain why.

Rule Review Framework

3.7 The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework. Our proposals do not introduce any new rules or significant changes to existing rules.

Cost benefit analysis

3.8 Section 138I of FSMA requires us to perform a cost benefit analysis of our proposals and to publish the results unless we consider the proposal will not give rise to any cost or that the increase in costs will be of minimal significance.

3.9 The Change in Control Guidelines do not represent substantially new policy or risk appetite but are instead a replacement of the 3L3 Guidelines, with some updates. As such, we are satisfied that the proposed amendments do not increase costs to firms or persons making acquisitions of FCA authorised firms, or that any increase will be of minimal significance. The Change in Control Guidelines make the FCA's expectations and requirements clearer, which could potentially reduce administrative costs.

Impact on mutual societies

3.10 We are satisfied that the proposal will not have a significantly different impact on authorised persons who are mutual societies, compared to other authorised persons, because the changes will apply to authorised persons who are mutual societies in the same way as they apply to other authorised persons. We also note that, given the ownership structure of mutual societies, they may be impacted less than other authorised persons.

Compatibility statement

- 3.11** In developing these proposals, we have had regard to the FSMA regulatory principles and the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code. We are satisfied that the proposals are compatible with our objectives and regulatory principles. Reducing unnecessary duplication of information between the FCA Handbook and the Change in Control Guidelines will advance our objectives of protecting consumers, enhancing market integrity and promoting competition by making it simpler for controllers, potential controllers and firms to find clarity on the factors we would consider when applying the assessment criteria and deciding when a proposed acquirer is suitable to control and/or direct a UK authorised firm.

Equality and diversity

- 3.12** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 3.13** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 4

Changes to retail conduct rules as a result of MiFID Org Reg amendments

Introduction

- 4.1** In 2018, we copied out parts of EU Delegated Regulation 2017/565 (the MiFID Org Reg) into the Handbook when implementing the rules in the second Markets in Financial Instruments Directive (2014/65/EU) (MiFID II). This was done for 2 reasons:
- First, we wanted to enable firms subject to the Markets in Financial Instruments Directive (MiFID) to see all of the relevant MiFID requirements relating to a particular topic in one place.
 - Second, as part of MiFID's implementation, we were required to extend requirements that were at least analogous to 'optional exemption firms' (ie, firms receiving and transmitting orders and/or providing investment advice in relation to certain financial instruments that did not hold client money and did not undertake cross border services). Where relevant, the FCA elected to apply to these firms the same requirements that applied to MiFID firms. Therefore, we needed to copy out various provisions of the MiFID Org Reg, which were applied to these firms as rules.
- 4.2** In 2022, the Treasury made 2 changes to certain conduct rules derived from MiFID ([SI 2022/1297](#)). The purpose was to implement policy changes to the investor reporting regime that the government consulted on as part of the Wholesale Markets Review, a wider package of reforms to the UK's framework for wholesale capital markets. The policy changes were designed to reduce regulatory burden without compromising an appropriate degree of regulatory protection. The changes the Treasury made were to:
- turn off the requirement for firms providing portfolio management services to inform a retail client when the value of their portfolio falls by 10%; and
 - make electronic communications the default mode of communication with retail clients.
- 4.3** These requirements had already been changed for MiFID investment firms trading with professional clients, but the government wanted to consult more widely before applying the amendments to dealings with retail clients.

Summary of proposals

- 4.4** The Treasury changes had a direct legal effect for MiFID firms. They also apply directly to third-country firms undertaking equivalent investment business by virtue of the provisions in the General Provisions sourcebook (GEN) that apply requirements on such firms in onshored regulations that derive from MiFID. We propose to make the relevant

amendments to the Handbook, both for completeness and because they apply as rules for optional exemption firms. In particular, we propose to:

- remove the requirement to report a 10% drop in portfolio value to a retail client from COBS 16A.4.3UK so that the requirement does not apply as a rule to optional exempt firms; and
- change the definition of 'durable medium' in the Glossary to reflect amendments to the MiFID Org Reg.

4.5 The amendment to the durable medium Glossary definition will impact optional exemption firms, and to give these firms time to adjust to this change, we propose that it comes into force 3 months after the publication of the final rules. We consider this to be appropriate given that these firms are likely to already be using an electronic format for their communications with retail clients.

4.6 For completeness, retail clients who have already elected to receive electronic communications do not need to be asked if they want to elect for paper-based communications instead. This was the approach the Government took when implementing this change for MiFID firms.

Question 4.1: Do you agree with our proposed amendments to COBS to remove the requirement to report a 10% drop in portfolio value to retail clients?

Question 4.2: Do you agree with our proposed amendments to the Glossary definition of 'durable medium'?

Question 4.3: The definition of 'durable medium' in the MiFID Org Reg only applies if information is required to be provided in a durable medium 'for the purposes of the MiFID Org Reg'. Do you consider that the proposed amendments to the definition of 'durable medium' accurately capture the scope of the rules to which this new definition is intended to apply?

Question 4.4: Do you agree with our proposed 3-month implementation period for the amendment to the 'durable medium' Glossary definition to allow optional exemption firms time to adjust to the change?

Rule Review Framework

- 4.7** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 4.8** Section 138I(2)(a) of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) when proposing draft rules. Section 138L(3) of FSMA provides that section 138I(2)(a) does not apply where we consider that there will be no increase in costs or that any increase will be of minimal significance.
- 4.9** Having assessed the individual changes proposed in this chapter and taking account of the Treasury's explanatory memorandum on its SI, we believe that the proposals in this chapter are not likely to result in cost increases or that any increases will be of minimal significance. Therefore, we believe that no CBA is required for the proposals in this chapter.

Impact on mutual societies

- 4.10** Section 138K(2) of the Financial Services and Markets Act 2000 (FSMA) requires us to prepare a statement setting out our opinion on whether proposed rules will have an impact on mutual societies which is significantly different from the impact on other authorised persons.
- 4.11** We are satisfied that the proposed amendments do not impact mutual societies to a greater extent than other authorised firms. The proposed amendments primarily affect optional exemption firms conducting designated investment business.

Compatibility statement

- 4.12** When consulting on proposed changes to our Handbook, we are required by section 138I(2) of FSMA to explain why we believe that making those changes is consistent with our strategic objective, advances one or more of our operational objectives, and has regard to the regulatory principles in section 3B of FSMA. We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.

- 4.13** Before making changes to the delegated regulation, the Treasury engaged with market participants, who provided evidence that the portfolio notification was detrimental to investors' best interests. Participants noted that the portfolio notification caused investors to panic and disinvest after the value of their investment dropped, thereby losing money when the markets rebounded. The Treasury also received feedback from firms that many retail clients already opt in to receive electronic communications, which can reduce costs for firms.
- 4.14** We are satisfied that our proposed changes are compatible with our objectives including our secondary objective, and regulatory principles. In line with the feedback above, these changes make the Handbook consistent with legislative changes and facilitate our operational objective of consumer protection while ensuring our rules are clear and proportionate.

Equality and diversity

- 4.15** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 4.16** We have considered the impact of the proposal to amend the definition of durable medium on those digitally excluded. We consider the risk of this is low given there must always be an option to receive paper communications.
- 4.17** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 5

A change to the application of the UCITS concentration rules

Introduction

- 5.1** In February 2023, we published Discussion Paper (DP) [23/2](#) looking at updating and improving the UK regime for asset management. Feedback to our DP acknowledged the strength of the existing undertakings for collective investment in transferable securities (UCITS) brand but suggested minor technical amendments that would simplify and clarify the regime. In response to that feedback, we are consulting on proposals to apply the UCITS concentration rules to umbrella UCITS schemes at the sub-fund level rather than the umbrella level, and to clarify the level of a Collective Investment Scheme (CIS) to which COLL 5.2.29R(3) applies.
- 5.2** It is common for UCITS schemes to invest into units of other CISs, creating a 'fund-of-funds' structure. This is a type of fund structure that we expect to see, and so we are happy to facilitate this kind of structure where appropriate. For clarity, in this chapter we will refer to the fund holding the units of other CIS as the investing fund, and the fund being invested in as the target fund.

Concentration rule

- 5.3** To ensure that UK UCITS schemes maintain a prudent spread of risk, and to limit the influence one scheme may hold over another, the schemes are subject to rules that limit the amount of investments issued by another entity that they can own. This is set out in the concentration rule (COLL 5.2.29R).
- 5.4** For umbrella structures with 2 or more sub-funds, other rules in COLL 5.2 to 5.5 that set investment limits generally apply at the sub-fund level. But COLL 5.2.30R(1)(c) applies the concentration rule at the umbrella level. The concentration rule forms part of the rules that aim to avoid situations where a UK UCITS scheme might exercise significant influence over another entity.
- 5.5** COLL 5.2.29R(3) states that a UK UCITS scheme must not acquire more than 25% of the units in a CIS. We have received feedback from authorised fund managers (AFMs) that the application of this rule at the umbrella level limits how a fund of funds can operate. With the rules as they are, a UK UCITS scheme holding a large portion of a certain sub-fund is then limited as to how much it can hold other sub-funds underneath the same umbrella. This can mean that some types of investment propositions cannot be run as efficiently as they otherwise could be.

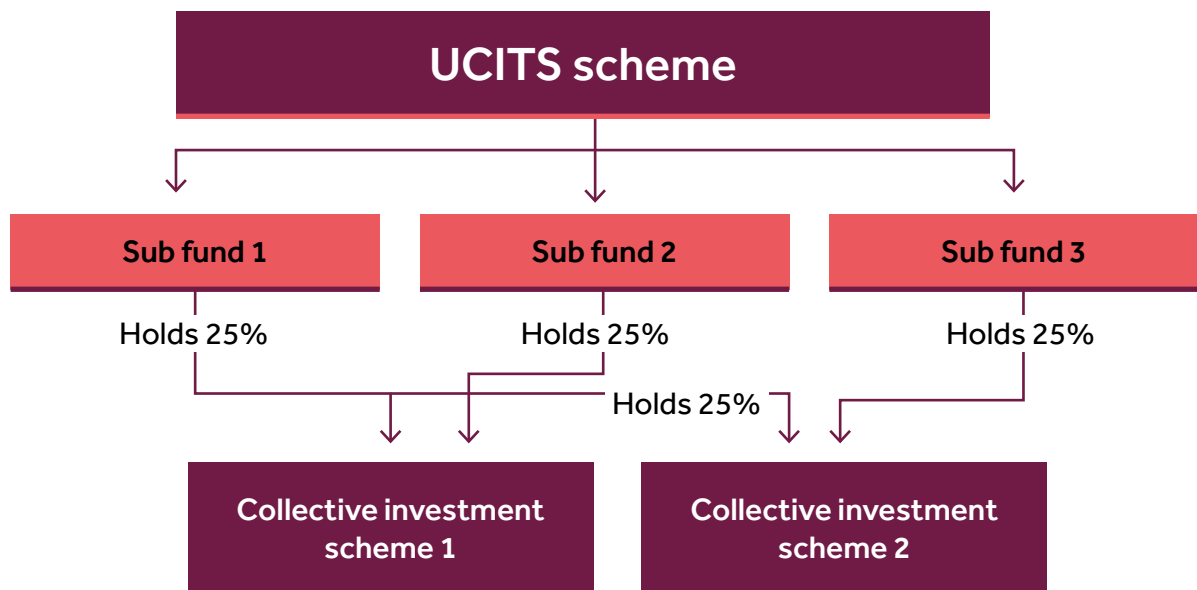
- 5.6** We propose modifying the concentration rules so that the 25% maximum limit applies to each individual sub-fund in an umbrella. This will allow AFMs greater flexibility when managing UK UCITS, while retaining the broader intent of the rule to avoid situations where a UK UCITS scheme owns a significant proportion of another fund.
- 5.7** We also propose clarifying what is meant by a CIS as it relates to the target fund. COLL 5.2.29R(3) does not define the level of the fund to which the 25% limit applies. It is our understanding that AFMs interpret this rule as applying to the CIS sub-fund, rather than umbrella, and we consider this to be the intention of the rule.
- 5.8** It will still be possible for an AFM to operate a fund of funds with fewer restrictions under the non-UCITS retail scheme (NURS) regime.

Summary of proposals

Applying concentration rules at sub-fund level rather than umbrella level

- 5.9** The first component of our proposed amendments is to apply COLL 5.2.29R, the concentration rule that affects the investing fund, at the sub-fund level rather than umbrella. We plan to do this by deleting COLL 5.2.30R(1)(c), the provision which applies the whole of COLL 5.2.29R at sub-fund level. Although our principal aim here is to change the application of the amount that a UK UCITS scheme can own of another CIS, we have considered and are satisfied that applying the entirety of the concentration rule at sub-fund level will not adversely affect levels of consumer protection.
- 5.10** This rule was introduced to the Handbook following the implementation of the 1985 UCITS Directive, which at the time put the restriction in place at the level of 10% for each investment company or unit trust. The limit was raised to 25% by the UCITS III Directive (2001/108/EC). The original directive is unclear about the application of rules to overall schemes versus sub-funds, though the current UCITS Directive (2009/65/EC) sets out in article 49 that in the relevant section of the rules a UCITS means each 'compartment' (ie, sub-fund).
- 5.11** In some ways, the UK's interpretation of this directive provision has not kept up with the evolution of the directive itself, though we note that it was permissible for member states to adopt a stricter approach than the directive required. With this change, we are acknowledging that this approach allows more flexibility for AFMs who wish to create a fund-of-funds as a UK UCITS, without compromising on consumer protection. The original policy purpose of this rule is to set a quantitative limit to reduce the risk that a UK UCITS scheme exercises significant influence over another CIS, and to reinforce the rules on spread of risk. Given that, with this change, a UK UCITS scheme would still not be able to own more than 25% of any individual sub-fund, we do not consider that this change compromises on this purpose.
- 5.12** We note that this is how the provision in the UCITS Directive works, and we are satisfied that this application achieves the policy purpose for this population. This provides us with assurance that our proposed changes will not be permissive in a harmful way.

- 5.13** In addition, there are other relevant rules which restrict investment in, and influence over, other CIS. COLL 5.2.11R(9) prevents a UK UCITS scheme from holding more than 20% of its scheme property in the units of any 1 scheme (sub-fund – see COLL 5.2.13R(4)). Where an authorised fund invests in other schemes managed or operated by the same AFM, this is subject to restrictions in COLL 5.2.15R and COLL 5.2.16R. In such cases, COLL 6.6.13R(2) requires that the depositary, rather than the AFM, exercises voting rights.
- 5.14** The illustrative example below demonstrates how this change would be more permissive.



- 5.15** This is in breach of the rules as they stand, as the umbrella fund holds 50% of the units of CIS 1 and 50% of the units of CIS 2, despite no sub-funds holding more than 25%. Our proposed amendments will make this a permissible arrangement.

Question 5.1: Do you agree with our proposed amendment to apply the concentration rule at the sub-fund level? If not, please specify any changes you think could be made to achieve the aim of the amendment.

Clarifying the level of a Collective Investment Scheme (CIS) to which COLL 5.2.29R(3) applies

- 5.16** For the second component of our proposed change, we are looking to clarify that the 25% maximum limit in COLL 5.2.29R applies to the sub-fund of a CIS target fund which is an umbrella. This rule implements the UCITS Directive which refers (article 56) to '25% of the units of a single UCITS or other collective investment undertaking'. For an umbrella, the term 'collective investment scheme' might be taken to refer to the umbrella itself and not one of its sub-funds, whereas the intention of the UCITS Directive is clearly that 'single UCITS' means a sub-fund not an umbrella.

- 5.17** The rule as it stands could allow an investing fund to hold up to 100% of the units of a single sub-fund, provided that amount does not exceed 25% of the units issued by all sub-funds in the same umbrella. We consider that the appropriate way to ensure a prudent spread of risk is to apply the 25% limit to a single sub-fund and to any other collective investment undertaking in which a UK UCITS is allowed to invest.
- 5.18** Since our rules do not explicitly require this approach, it is possible that some AFMs may have interpreted the rule as restricting the investment at the level of the umbrella, if the umbrella is a CIS in UK law. If this were to be the case, and we now apply the rule to a CIS at sub-fund level, AFMs of UK UCITS schemes may need to reduce how much of certain sub-funds they own to remain compliant.
- 5.19** However, we understand that AFMs generally interpret this provision as applying at the sub-fund level, in line with EEA UCITS. Investment decisions will be taken at the level of the sub-fund, so any restriction should apply at that level. On this basis, we propose making it explicit that COLL 5.2.29R(3) refers to either a standalone scheme or the sub-fund of an umbrella. We do not think this will create any extra burden for firms but will take account of any feedback on that point when clarifying the rule.
- 5.20** In case some AFMs are holding more than 25% of the units of an individual target sub-fund, we are consulting on a transitional provision which would require them to reduce that position to not more than 25% of the units in the target fund. We would allow the AFM up to 6 months to make the adjustment so that it could be done efficiently, having regard to the interests of investors and to any potential impact on the liquidity of the target fund.

Question 5.2: Do you agree with our proposed amendments to clarify that the 25% maximum limit in COLL 5.2.29R applies to the sub-fund of a CIS target fund which is an umbrella? If not, please specify any changes you think could be made to achieve the aim of the amendment.

Question 5.3: If you are involved in the management of an authorised fund, would this rule change require you to make any changes to how the fund is managed? What would you estimate the costs to be for these changes?

Question 5.4: If you are the AFM of an investing fund holding more than 25% of the units of a single sub-fund in an umbrella, do you agree that the proposed transitional provision would allow you to adjust the investing fund's position efficiently and in the best interests of its investors?

Rule Review Framework

- 5.21** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 5.22** Section 138IA FSMA requires the FCA to consult the cost benefit analysis (CBA) panel about the preparation of a CBA. However, section 138L of FSMA states that we do not need to provide a CBA where we consider that there will be no increase in costs, or the increases will be of minimal significance.
- 5.23** We have assessed the proposed changes in this chapter and consider there are unlikely to be material costs associated with any of them. We have partially based this assessment on our understanding that AFMs interpret 'collective investment scheme' in COLL 5.2.29R(3) as meaning a sub-fund and not the umbrella. We therefore do not think that we're making the rules less permissive in a way that will impact firms.
- 5.24** Further, our proposals for applying concentration rules at sub-fund level rather than umbrella level are permissive, and so we do not believe the proposed adjustments will significantly alter the costs for firms.
- 5.25** If our assumption is incorrect, and we receive feedback that some AFMs currently interpret 'collective investment scheme' in COLL 5.2.29R(3) as meaning the umbrella, we will reconsider this CBA.

Impact on mutual societies

- 5.26** Section 138K(2) of FSMA requires us to prepare a statement setting out our opinion on whether proposed rules will have an impact on mutual societies which is significantly different from the impact on other authorised persons.
- 5.27** We are satisfied that the proposals in this chapter would not have a significant different impact on mutual societies compared with other authorised persons.

Compatibility statement

- 5.28** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 5.29** We consider that the proposed amendments are compatible with our strategic objective to ensure that relevant markets function well. By taking a proportionate regulatory approach, both of the proposed changes are consistent with the effective functioning of financial services markets and are compatible with the FCA's secondary international competitiveness and growth objective.
- 5.30** We consider that the proposed amendments advance our operational objective of promoting effective competition in the interests of consumers in the relevant financial markets. Our proposed deletion of COLL 5.2.30R(1)(c) would enable firms to offer a wider range of products, enabling effective competition and ultimately benefiting the consumer. We are satisfied that the proposed changes secure an appropriate degree of consumer protection while also promoting competition in the interests of consumers.
- 5.31** We are satisfied that the proposed clarification of the application of COLL 5.2.29(3) to a CIS, which is a sub-fund, upholds the policy purpose of the rule and supports market integrity.
- 5.32** We consider that these changes allow more flexibility for AFMs of UK UCITS schemes, therefore ensuring that the UK remains an attractive place to manage a fund.

Equality and diversity

- 5.33** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 5.34** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 6

Removal from the Handbook of certain EU-withdrawal related provisions which have expired and renaming of certain terms

Introduction

- 6.1** Following the UK's departure from the European Union, the temporary permissions regime (TPR) allowed inward passporting European Economic Area (EEA) firms to continue operating in the UK. The temporary marketing permissions regime (TMPR) allowed the continued marketing of funds into the UK. Various provisions relating to the TPR and the TMPR expired on 31 December 2023.
- 6.2** The Retained EU Law (Revocation and Reform) Act 2023 renamed various terms relating to EU law which became UK law under the European Union (Withdrawal) Act 2018.

Summary of proposals

- 6.3** We propose to make some minor amendments to the Handbook to remove expired provisions relating to the TPR and the TMPR and to reflect the terminology changes mentioned above.
- 6.4** The proposed changes are included in the following areas of the FCA Handbook:
- Glossary of definitions
 - Principles for Businesses (PRIN)
 - Senior Management Arrangements, Systems and Controls sourcebook (SYSC)
 - General Provisions sourcebook (GEN)
 - Supervision manual (SUP)
 - Perimeter Guidance manual (PERG)

Question 6.1: Do you agree with the proposed amendments to the Glossary of definitions, PRIN, SYSC, GEN, SUP and PERG?

Rule Review Framework

- 6.5** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 6.6** Section 138I(2) of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) unless, in accordance with section 138L, we consider that there will be no increase in costs from the proposed amendments or that the increase will be of minimal significance.
- 6.7** We are satisfied that the proposed amendments do not increase costs to firms or consumers, or any increase will be of minimal significance, as they do not create any new obligations. It will have the general benefit of clarifying Handbook guidance and rules.

Impact on mutual societies

- 6.8** Section 138K(2) of FSMA requires us to provide an opinion on whether the impact of proposed rules on mutual societies is significantly different to the impact on other authorised persons.
- 6.9** We are satisfied that the proposed changes in this chapter do not have a significantly different impact on mutual societies compared to other authorised persons.

Compatibility statement

- 6.10** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and for the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 6.11** We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers. We are satisfied that any burdens or restrictions are proportionate to the expected benefits.
- 6.12** We have reached the above conclusion on the basis that the proposed amendments will ensure that the Handbook is suitably updated to reflect the relevant changes in legislation.

Equality and diversity

- 6.13** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 6.14** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 7

Consequential amendment to UK Credit Rating Agencies Regulation to implement Securitisation Regulations 2024

Introduction

- 7.1** We are consulting on a consequential amendment to the UK on-shored version of Commission Delegated Regulation (EU) 2015/2 of 30 September 2014, the regulatory technical standards for the presentation of the information that credit rating agencies make available to the FCA (Binding Technical Standard (BTS) 2015/2). The change is necessary to implement the Securitisation Regulations 2024 (SI 2024/102).
- 7.2** The UK on-shored version of Regulation (EU) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, also referred to as the UK Credit Rating Agencies Regulation (UK CRAR), applies to credit ratings within its scope. The UK CRAR aims to enhance the integrity, transparency, responsibility, good governance and independence of credit rating activities. The UK CRAR is supplemented by several on-shored BTS, including BTS 2015/2. BTS 2015/2 sets out requirements on the content and presentation of information that credit rating agencies make available to the FCA on credit ratings, including structured finance ratings.
- 7.3** The Financial Services and Markets Act 2023 provided powers to His Majesty's Treasury to repeal assimilated law and to create a new legislative Smarter Regulatory Framework (SRF). As part of the SRF, the on-shored Securitisation Regulations 2017/2402 have been replaced by the Securitisation Regulations 2024 and FCA and Prudential Regulation Authority rules.

Summary of proposals

- 7.4** The Securitisation Regulations 2024 contain an equivalent definition of 'securitisation' to the on-shored Securitisation Regulations 2017/2402. We propose to make a consequential amendment to the definition of 'structured finance ratings' in BTS 2015/2 by updating the cross-reference to the definition of 'securitisation' to reflect the definition in the Securitisation Regulations 2024. Since the effective definition of 'securitisation' is equivalent, the existing definition of 'structured finance ratings' will be the same in practice as a result of the proposed change.

Question 7.1: Do you have any comments on the proposed consequential change to BTS 2015/2 arising from the Securitisation Regulations 2024?

Rule Review Framework

- 7.5** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the change proposed here, we are satisfied that the proposed amendment is exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 7.6** Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) when proposing draft rules. Our proposed amendment neither introduces new rules nor makes significant changes to existing rules. Section 138L(3) of FSMA states that we do not need to provide a CBA where we consider that there will be no increase in costs, or the increase will be of minimal significance.

Impact on mutual societies

- 7.7** Section 138K(2) of FSMA requires us to provide an opinion on whether the impact of proposed rules on mutual societies is significantly different to the impact on other authorised persons.
- 7.8** We are satisfied that the proposed change in this chapter does not have a significantly different impact on mutual societies compared to other authorised persons.

Compatibility statement

- 7.9** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective and advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 7.10** We are satisfied that the proposed amendment is compatible with our objectives and regulatory principles. This amendment will ensure that the UK CRAR refers to the new Securitisation Regulations. We are satisfied, therefore, that the proposed amendment

advances our operational objective to protect and enhance the integrity of the UK financial system.

- 7.11** We are satisfied that any burdens or restrictions are proportionate to the expected benefits. We are also satisfied that the proposed amendment is compatible with the FCA's secondary international competitiveness and growth objective.

Equality and diversity

- 7.12** We have considered the equality and diversity issues that may arise from the proposed amendment. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 7.13** We will continue to consider the equality and diversity implications of the proposal during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 8

Removing references to LTIFs and the LTIF Regulation

Introduction

- 8.1** The Long-Term Investment Fund (LTIF) Regulation was the UK assimilated law originating from the European Long-Term Investment Fund (ELTIF) Regulation. As part of the Smarter Regulatory Framework, and to reflect the fact that no LTIF was ever established in the UK, the government repealed the LTIF Regulation on 1 January 2024 (SI 2023/779), stating that it would not be replaced.

Summary of proposals

- 8.2** We propose to remove all references to LTIFs and the LTIF Regulation from the Handbook. No LTIF was ever established in the UK and, as the LTIF Regulation has been repealed, there is now no route to do so. As such, references to the LTIF Regulation and LTIFs in the Handbook have no legal effect.
- 8.3** The UK still wishes to remove barriers to investment in long-term illiquid asset, which is why we have created the Long-Term Asset Fund regime. We consider that this provides an alternative fund structure better suited to the needs of the UK market.
- 8.4** The Handbook contains a few references to an 'EEA LTIF', relating to EEA alternative investment funds (AIFs) marketing in the UK under Part 9A of the Alternative Investment Fund Managers (AIFM) Regulations 2013. However, this part of the temporary marketing permissions regime has now ended, so we intend to entirely delete these references as well. As it is no longer legally possible for EEA AIFs to market in the UK under Part 9A of the AIFM Regulations 2013, such references are no longer relevant.
- 8.5** Our proposed amendment would not affect the legal status of an ELTIF AIF seeking to market into the UK through the National Private Placement Regime.
- 8.6** We are consulting jointly with the Financial Ombudsman Service on the proposals that relate to the Financial Ombudsman Service. The Financial Ombudsman Service operates a voluntary jurisdiction which mirrors, among other things, a number of provisions from elsewhere in the Handbook, such as certain glossary terms and DISP provisions. The Financial Ombudsman Service is proposing to mirror the relevant proposed amendments in DISP and the relevant glossary terms into its voluntary jurisdiction.

Question 8.1: Do you agree with our proposal to remove all references to LTIFs, EEA LTIFs and the LTIF Regulation from the Handbook?

Rule Review Framework

- 8.7** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 8.8** Section 138I of Financial Services and Markets Act 2000 (FSMA) requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results, unless we consider the proposal will not give rise to any cost or that the increase in costs will be of minimal significance.
- 8.9** We expect firms to incur no, or minimal, additional costs as a result of these proposals. No LTIFs have been established, and with the repeal of the LTIF Regulation, it is not possible to do so. We therefore do not expect that any firms will have to make any changes as a result of us removing references to the LTIF from our Handbook. As such, we have not conducted a CBA as per the exemption under FSMA which disapplies the requirement for a CBA where we consider that there will be no increase in costs, or any increase is of minimal significance.

Impact on mutual societies

- 8.10** Section 138K of FSMA requires us to state whether, in our opinion, our proposed rules have a significantly different impact on authorised persons who are mutual societies compared to other authorised persons.
- 8.11** We are satisfied that the proposals in this chapter would not have a significantly different impact on mutual societies compared with other authorised persons.

Compatibility statement

- 8.12** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also

required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.

- 8.13** We are satisfied that the proposed amendments are compatible with our strategic objective, advances our operational objectives and have had regard to the regulatory principles. The amendments advance our operational objective of promoting and enhancing the integrity of the UK financial system by aligning the FCA Handbook with the government's repeal of the LTIF Regulation. We do not expect there to be any burdens or restrictions arising from our proposals, which will update the FCA Handbook to reflect the repeal of the LTIF Regulation. We consider this to be proportionate. We are therefore also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective.

Equality and diversity

- 8.14** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 8.15** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 9

The transitional transparency regime

Introduction

- 9.1** On leaving the EU, the FCA and the Treasury undertook the Wholesale Markets Review (WMR). This was designed to adapt aspects of the Markets in Financial Instruments Directive II's wholesale markets regime to strengthen the functioning of UK markets. The Financial Services and Markets Act 2023 (FSMA 2023), implemented the most urgent legislative changes as a result of the review, where there was clear support for the proposals. This included delegating responsibility for determining the scope and functioning of the pre- and post-trade transparency regime for fixed income and derivatives instruments to the FCA. Following consultation, we are now in the process of delivering the WMR changes that the legislation facilitates, including improvements to the pre- and post-trade requirements that apply to transactions in bonds and derivatives (see Consultation Paper [CP23/32](#)).
- 9.2** This chapter deals with transitional issues relating to implementation of the proposed bond and derivatives transparency regime.

Summary of proposals

Transitional regime for transparency calculations

- 9.3** The UK Markets in Financial Instruments Regulation (MiFIR) establishes pre- and post-trade transparency requirements for the trading of financial instruments. Exemptions are available for instruments that are not liquid and for transactions that are large. To determine whether an instrument is not liquid, or a transaction is large, we perform regular calculations based on data submitted to us. As part of onshoring work prior to EU withdrawal, UK MiFIR and the associated technical standards were amended so that for a transitional period we were not required to follow the UK MiFIR methodology for making liquidity determinations and setting thresholds.
- 9.4** The transitional regime recognised that the transparency framework was designed for an EU market of 28 member states and that issues could arise in applying it to the UK market alone. We have used the transitional regime in operating the transparency regime since 2020, particularly in relation to bonds and derivatives.
- 9.5** The transitional transparency regime expires at the end of this year. In respect of equities, we believe that no issues will arise following the methodology for liquidity determinations and threshold calculations in [Regulatory Technical Standard \(RTS\) 1](#). We are making few modifications for individual financial instruments to what would occur if we just followed the methodology in RTS 1.

- 9.6** In respect of bonds and derivatives, we have consulted through [CP23/32](#) on the creation of a new transparency regime. That regime, which we expect to implement in the second half of 2025 subject to assessment of consultation responses, will remove the existing methodology for liquidity determinations and threshold calculations in [RTS 2](#).
- 9.7** Between the end of this year and the implementation of the changes to the bond and derivatives transparency regime in the second half of next year, there are several points at which an unmodified UK MiFIR transparency regime would require us to undertake liquidity determinations and threshold calculations.
- 9.8** To smooth the path to the new transparency regime, we propose the existing transitional regime to cover that period. That will enable us to continue to depart from the methodology set out in [RTS 2](#) as appropriate. We are therefore proposing to amend Article 13A of [RTS 2](#) to extend the transitional regime for bonds and derivatives transparency to the point in time when [RTS 2](#) is revoked, and the new transparency regime takes effect.

Question 9.1: Do you agree that the transitional transparency regime for bonds and derivatives should be extended pending the introduction of a new transparency framework in 2025?

Rule Review Framework

- 9.9** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 9.10** Section 138S of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis (CBA) when proposing draft technical standards. However, our proposals do not introduce significant changes to existing standards. Section 138L(3) of FSMA provides that the obligation to publish such an analysis does not apply where we consider that there will be no increase in costs, or the increases will be of minimal significance.

Impact on mutual societies

- 9.11** Section 138K(2) of FSMA requires us to provide an opinion on whether the impact of proposed rules on mutual societies is significantly different to the impact on other authorised persons.
- 9.12** We are satisfied that the proposals in this chapter would not have a significant different impact on mutual societies compared with other authorised persons.

Compatibility statement

- 9.13** When consulting on technical standards, we are required by section 138I(2) of FSMA, via section 138S, to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 9.14** We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments advance our operational objective of protecting and enhancing the integrity of the UK financial system. They help to facilitate a smooth transition from the current transparency regime. We are satisfied that any burdens or restrictions are proportionate to the expected benefits. We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective.

Equality and diversity

- 9.15** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 9.16** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final requirements. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Annex 1

List of questions

- Question 2.1:** Do you agree with our proposals to introduce DBS checks (or equivalent) at the authorisation's gateway?
- Question 3.1:** Do you agree with our proposals to replace the reference to the 3L3 Guidelines in SUP 11.3.1BG with the Change in Control Guidelines and delete SUP 11 Annex 6G? If not, please explain why.
- Question 4.1:** Do you agree with our proposed amendments to COBS to remove the requirement to report a 10% drop in portfolio value to retail clients?
- Question 4.2:** Do you agree with our proposed amendments to the Glossary definition of 'durable medium'?
- Question 4.3:** The Glossary definition of 'durable medium' in the MiFID Org Reg only applies if information is required to be provided in a durable medium 'for the purposes of the MiFID Org Reg'. Do you consider that the proposed amendments to the Glossary definition of 'durable medium' accurately capture the scope of the rules to which this new definition is intended to apply?
- Question 4.4:** Do you agree with our proposed 3-month implementation period for the amendment to the 'durable medium' Glossary definition to allow optional exemption firms time to adjust to the change?
- Question 5.1:** Do you agree with our proposed amendment to apply the concentration rule at the sub-fund level? If not, please specify any changes you think could be made to achieve the aim of the amendment.
- Question 5.2:** Do you agree with our proposed amendments to clarify that the 25% maximum limit in COLL 5.2.29R applies to the sub-fund of a CIS target fund which is an umbrella? If not, please specify any changes you think could be made to achieve the aim of the amendment.
- Question 5.3:** If you are involved in the management of an authorised fund, would this rule change require you to make any changes to how the fund is managed? What would you estimate the costs to be for these changes?

- Question 5.4:** If you are the AFM of an investing fund holding more than 25% of the units of a single sub-fund in an umbrella, do you agree that the proposed transitional provision would allow you to adjust the investing fund's position efficiently and in the best interests of its investors?
- Question 6.1:** Do you agree with the proposed amendments to the Glossary of definitions, PRIN, SYSC, GEN, SUP and PERG?
- Question 7.1:** Do you have any comments on the proposed consequential change to BTS 2015/2 arising from the Securitisation Regulations 2024?
- Question 8.1:** Do you agree with our proposal to remove all references to LTIFs, EEA LTIFs and the LTIF Regulation from the Handbook?
- Question 9.1:** Do you agree that the transitional transparency regime for bonds and derivatives should be extended pending the introduction of a new transparency framework in 2025?

Annex 2

Abbreviations used in this paper

| Abbreviation | Description |
|-------------------------------------|---|
| 3L3 Guidelines | EU guidelines on the prudential assessment of acquisitions and increases of qualifying holdings in the financial sector |
| AFM | Authorised fund manager |
| AIF | Alternative investment funds |
| AIFM Regulations 2013 | Alternative Investment Fund Managers Regulations 2013 |
| AML | Anti-money laundering |
| AR | Appointed representatives |
| BTS | Binding Technical Standard |
| CBA | Cost benefit analysis |
| CFT | Counter-terrorist financing |
| Change in Control Guidelines | Proposed non-Handbook guidance on the prudential assessment of acquisitions and increases in control |
| CIC | Change in control |
| CIS | Collective investment scheme |
| COBS | Conduct of Business sourcebook |
| DBS | Disclosure and Barring Service |
| DP | Discussion Paper |
| EEA | European Economic Area |
| ELTIF | European long-term investment fund |
| EMRs | Electronic Money Regulations |
| EU | European Union |

| Abbreviation | Description |
|------------------------|--|
| FATF | Financial Action Task Force |
| FSMA | Financial Services and Markets Act 2000 |
| FSMA 2023 | The Financial Services and Markets Act 2023 |
| GEN | General Provisions manual |
| HMRC | His Majesty's Revenues & Customs |
| LTIF | Long-term investment fund |
| LTIF Regulation | Long Term Investment Fund Regulation (EU) 2015/760 |
| MiFID | Markets in Financial Instruments Directive |
| MiFID II | Directive 2014/65/EU |
| MiFID Org Reg | Commission Delegated Regulation 2017/565 |
| MiFIR | Markets in Financial Instruments Regulation |
| MLRs | Money Laundering Regulations |
| NFA | New firm authorisations |
| NURS | Non-UCITS retail scheme |
| PERG | Perimeter Guidance manual |
| PNC | Police National Computer |
| PRA | Prudential Regulation Authority |
| PRIN | Principles for Businesses |
| PSRs | Payment Services Regulations |
| RO | Responsible Organisation |
| RTS | Regulatory Technical Standard |
| SI | Statutory instrument |
| SM&CR | Senior Managers & Certification Regime |
| SMFs | Senior Managers Functions |

| Abbreviation | Description |
|----------------|---|
| SUP | Supervision manual |
| SYSC | Senior Management Arrangements, Systems and Controls sourcebook |
| TMPR | Temporary permissions marketing regime |
| TPR | Temporary permissions regime |
| UCITS | Undertakings for collective investment in transferable securities |
| UK CRAR | UK Credit Rating Agencies Regulation |
| VoP | Variation of permissions |
| WMR | Wholesale Markets Review |

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Appendix 1

Amendments to SUP following guidance consultation on prudential assessment of acquisitions and increases in control

CHANGE OF CONTROL (AGGREGATION OF HOLDINGS) INSTRUMENT 2024

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the power in section 139A (Power of the FCA to give guidance) of the Financial Services and Markets Act 2000 (“the Act”) and related provisions.

Commencement

- B. This instrument comes into force on [*date*].

Amendments to the Handbook

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

Notes

- D. In the Annex to this instrument, the notes (indicated by “*Editor’s note:*”), are included for the convenience of readers, but do not form part of the legislative text.

Citation

- E. This instrument may be cited as the Change of Control (Aggregation of Holdings) Instrument 2024.

By order of the Board
[*date*]

Annex

Amendments to the Supervision manual (SUP)

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

11 **Controllers and close links**

...

11.3 **Requirements on controllers or proposed controllers under the Act**

...

11.3.1B G ~~SUP 11 Annex 6G provides guidance on when one person's holding of shares or voting power must be aggregated with that of another person for the purpose of determining whether an acquisition or increase of control will take place as contemplated by section 181 or 182 of the Act such that notice must be given to the appropriate regulator in accordance with section 178 of the Act before making the acquisition or increase. This will be: The FCA has issued non-Handbook guidance on the notification requirements for, and assessment of, controllers or proposed controllers under the Act. See [Editor's note: insert link to non-Handbook guidance]. This includes guidance in relation to when one person's holding of shares or voting power must be aggregated with that of another person for the purposes of determining whether an acquisition or increase of control will take place.~~

- (1) ~~where those persons are acting in concert, as contemplated by section 178(2) (Obligation to notify appropriate regulator: acquisitions of control) of the Act; or~~
- (2) ~~in the case of voting power only, if any of the circumstances described in section 422(5) (Controller) of the Act apply.~~

...

SUP 11 Annex 6G (Aggregation of holdings for the purpose of prudential assessment of controllers) is deleted in its entirety. The deleted text is not shown but the Annex is marked [deleted] as shown below.

11 G **Aggregation of holdings for the purpose of prudential assessment of**
 Annex **controllers [deleted]**
 6

Appendix 2

Changes to retail conduct rules as a result of MiFID Org Reg amendments

**CONDUCT OF BUSINESS SOURCEBOOK (AMENDMENT) (No 2) INSTRUMENT
2024**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”)
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers); and
 - (c) section 139A (Power of the FCA to give guidance); and
 - (2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on [*date*].

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Conduct of Business sourcebook (COBS) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Conduct of Business Sourcebook (Amendment) (No 2) Instrument 2024.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

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

Amend the following definition as shown.

*durable
medium*

- (1) Any instrument:
- (a) which is either:
- (i) paper; or
- (b) ~~(ii) any an~~ instrument which enables the recipient to store information addressed personally to the recipient in a way accessible for future reference and for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored; and
- (b) in relation to which any applicable conditions in (2) to (4) are satisfied (read, as applicable, by reference to (5)).
- (2) In relation to ~~the equivalent business of a third country investment firm, MiFID optional exemption business or collective portfolio management~~, if the relevant ~~rule derives from the MiFID Org Regulation or is a rule which implemented the UCITS Directive, the UCITS implementing Directive or the UCITS implementing Directive No 2~~ the instrument used must be:
- (i) appropriate to the context in which the business is to be carried on; and
- (a) specifically chosen by the recipient when offered the choice between that instrument and paper.
- ~~If the relevant rule derives from the MiFID Org Regulation:~~
- (iii) ~~the requirements in (i) and (ii) above only apply in relation to retail clients or potential retail clients;~~
- (iv) ~~where the client or potential client is a retail client, or potential retail client, who has requested to receive the information on paper, that information must be provided on paper and free of charge; and~~
- (v) ~~firms must provide all information required to be provided in a durable medium by the relevant rule to clients or potential clients in electronic format, except where the client or potential client is a retail client, or potential retail client.~~

- (3) In relation to rules in SYSC and COBS insofar as they apply to the equivalent business of a third country investment firm or MiFID optional exemption business:
- (a) if the recipient is a retail client:
- (i) they must be informed of the right to receive the information on paper instead of in electronic format; and
- (ii) if the retail client requests to receive the information on paper, the information must be provided on paper and free of charge; and
- (b) in any other case, the information must be provided in electronic format.
- (4) In ICOBS and, in relation to life policies, in COBS:
- (vi) the instrument used must be appropriate in the context of the business conducted between the *insurance distributor* and (for ICOBS) the *customer* or (for COBS) the *client*; and
- (vii) the *customer* (for ICOBS) or *client* (for COBS) must be given the choice between information on paper and the instrument used, and must specifically choose the latter medium.
- (5) For the purposes of this definition, the provision of information by means of electronic communications ~~shall be treated as~~ is to be considered appropriate to the context in which the business between the *firm* and the *client* is, or is to be, carried on if there is evidence that the *client* has regular access to the internet. The provision by the *client* of an e-mail address for the purposes of the carrying on of that business is sufficient.

...

Annex B

Amendments to the Conduct of Business sourcebook (COBS)

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

16A Reporting information to clients (MiFID and insurance-based investment products provisions)

...

16A.4 Periodic reporting

...

~~Additional reporting obligations for portfolio management or contingent liability transactions~~

16A.4.3 UK ~~62(1) Investment firms providing the service of portfolio management to a retail client must inform the client where the overall value of the portfolio, as evaluated at the beginning of each reporting period, depreciates by 10% and thereafter at multiples of 10%, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.~~

~~62(2) Investment firms that hold a retail client account that includes positions in leveraged financial instruments or contingent liability transactions shall inform the client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%. Reporting under this paragraph should be on an instrument by instrument basis, unless otherwise agreed with the client, and shall take place no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.~~

~~[Note: article 62 of the MiFID Org Regulation] [deleted]~~

Guidance on contingent liability transactions

16A.4.4 G

~~Guidance on contingent liability transactions~~

16A.4.5 G ...

Appendix 3

A change to the application of the UCITS concentration rules

COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK (CONCENTRATION LIMITS) INSTRUMENT 2024

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 138D (Actions for damages);
 - (d) section 247 (Trust scheme rules); and
 - (e) section 261I (Contractual scheme rules);
 - (2) regulation 6 (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (3) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the Handbook

- D. The Collective Investment Schemes sourcebook (COLL) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Collective Investment Schemes Sourcebook (Concentration Limits) Instrument 2024.

By order of the Board
[date]

Annex

Amendments to the Collective Investment Schemes sourcebook (COLL)

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

5 Investment and borrowing powers

...

5.2 General investment powers and limits for UCITS schemes

...

Concentration

5.2.29 R A *UCITS scheme*:

(1) ...

...

(3) must not acquire more than 25% of the *units* in ~~a collective investment scheme;~~

(a) a collective investment scheme that is not an umbrella or a sub-fund; or

(b) a sub-fund of an umbrella;

...

UCITS schemes that are umbrellas

5.2.30 R (1) In relation to a *UCITS scheme* which is an *umbrella*, the provisions in *COLL 5.2* to *COLL 5.5* apply to each *sub-fund* as they would for an *authorised fund*, except the following *rules* which apply at the level of the *umbrella* only:

(a) *COLL 5.2.27R* (Significant influence for ICVCs); and

(b) *COLL 5.2.28R* (Significant influence for authorised fund managers of AUTs or ACSs); ~~and.~~

(c) ~~*COLL 5.2.29 R* (Concentration).~~ [deleted]

(2) A *sub-fund* may invest in or dispose of *units* of another *sub-fund* of the same *umbrella* (the second *sub-fund*) only if the following conditions are satisfied:

(a) the second *sub-fund* does not hold *units* in any other *sub-fund* of the same ~~umbrella~~ umbrella;

...

...

TP 1 Transitional provisions**TP 1.1**

| (1) | (2) Material to which transitional provision applies | (3) | (4) Transitional provision | (5) Transitional provision: dates in force | (6) Handbook provision: coming into force |
|--|---|-----|---|---|--|
| ... | | | | | |
| 64 | ... | | | | |
| <u>Amendments made by the Collective Investment Schemes Sourcebook (Concentration Limits) Instrument 2024</u> | | | | | |
| 65 | <i>COLL</i> 5.2.29R(3) | R | (1) <u>This rule applies where, before [date of commencement of instrument], a UCITS scheme investing in the units of a collective investment scheme (the ‘second scheme’) applied the 25% limit in COLL 5.2.29R(3) to the acquisition of units at the umbrella level of the second scheme.</u> | From [commencement of instrument] to [6 months later] | [commencement of instrument] |
| | | | (2) <u>The authorised fund manager of the UCITS scheme must adjust the number of units held in the second scheme to comply with (3).</u> | | |
| | | | (3) <u>No later than [6 months after coming into force of instrument], the units held in the second scheme must</u> | | |

| | | | | | | |
|--|--|--|-----|---|--|--|
| | | | | constitute no more than 25% of the <i>units</i> in: | | |
| | | | | (a) <u>a collective investment scheme that is not an umbrella or a sub-fund;</u> or | | |
| | | | | (b) <u>a sub-fund of an umbrella.</u> | | |
| | | | (4) | <u>After the authorised fund manager has made the adjustment in (2) and (3), COLL 5.2.29R(3) (as amended) applies to the acquisition by the UCITS scheme of further units in the second scheme.</u> | | |

Appendix 4

Removal from the Handbook of certain EU-withdrawal related provisions which have expired and renaming of certain terms

EU WITHDRAWAL (MISCELLANEOUS AMENDMENTS) INSTRUMENT 2024**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers); and
 - (c) section 139A (Power of the FCA to give guidance); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions sourcebook of the Handbook.
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the Handbook

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

| (1) | (2) |
|--|---------|
| Glossary of definitions | Annex A |
| Principles for Businesses (PRIN) | Annex B |
| Senior Management Arrangements, Systems and Controls sourcebook (SYSC) | Annex C |
| General Provisions sourcebook (GEN) | Annex D |
| Supervision manual (SUP) | Annex E |

Amendments to material outside the Handbook

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

Citation

- F. This instrument may be cited as the EU Withdrawal (Miscellaneous Amendments) Instrument 2024.

By order of the Board
[date]

Annex A

Amendments to the Glossary of definitions

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

Amend the following definitions as shown.

| | |
|------------------------------------|---|
| <i>participant firm</i> | (1) a <i>firm</i> (including a <i>TP firm</i>) other than: ... (1) a <i>TP AIFM qualifier</i> ; <u>[deleted]</u> |
| <i>permission</i> | ... (2) the authorisation that a <i>TP AIFM qualifier</i> has under regulation 78B of the <i>AIFMD UK regulation</i> . <u>[deleted]</u> |
| <i>temporary EMI authorisation</i> | (in accordance with paragraph 2 of Part 1 of Schedule 3 and paragraph 12B of Part 1A of Schedule 3 to the <i>E-money and Payments Transitional Provisions Regulations</i>), as the case may be , authorisation as an <i>authorised electronic money institution</i> under the <i>Electronic Money Regulations 2011</i> , that a <i>person</i> is to be taken as having under paragraph 2 of Part 1 of Schedule 3 to the <i>E-money and Payments Transitional Provisions Regulations</i> or under paragraph 12B of Part 1A of Schedule 3 to those Regulations. |
| <i>temporary permission</i> | (in accordance with regulation 8, 11 , 28 or 34 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018), as the case may be, <i>Part 4A permission</i> (or variation to that <i>permission</i>) that a <i>person</i> is treated as having under regulation 8, 11 , 28 or 34 of those Regulations. |
| <i>temporary PI authorisation</i> | (in accordance with paragraph 14(2)(a)(i) of Part 2 of Schedule 3 or paragraph 26(4)(a)(i) of Part 3 of Schedule 3 to the <i>E-money and Payments Transitional Provisions Regulations</i>), as the case may be , authorisation as an <i>authorised payment institution</i> under the <i>Payment Services Regulations 2017</i> , that a <i>person</i> is taken as having under paragraph 14(2)(a)(i) of Part 2 of Schedule 3 to the <i>E-money and Payments Transitional Provisions Regulations</i> , or under paragraph 26(4)(a)(i) of Part 3 of Schedule 3 to those Regulations. |

temporary RAISP registration

(in accordance with ~~paragraph 14(2)(a)(ii) of Part 2 of Schedule 3 or~~ paragraph 26(4)(a)(ii) of Part 3 of Schedule 3 to the *E-money and Payments Transitional Provisions Regulations*), ~~as the case may be,~~ authorisation as an *authorised payment institution* under the *Payment Services Regulations 2017*, that a *person* is taken as having ~~under paragraph 14(2)(a)(ii) of Part 2 of Schedule 3 to the E-money and Payments Transitional Provisions Regulations,~~ or under paragraph 26(4)(a)(ii) of Part 3 of Schedule 3 to those Regulations.

TP firm

(in accordance with regulation ~~8, 11,~~ 28 or 34 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018), as the case may be, a *person* who has *temporary permission* under regulation ~~8, 11,~~ 28 or 34 of those Regulations.

Delete the following definition. The text is not shown struck through.

TP AIFM qualifier

an *EEA AIFM* which is *marketing*, or has *marketed*, an *AIF* in the *UK* by:

- (a) exercising its right to *market* in relation to funds referred to in paragraph (2) of regulation 78A of the *AIFMD UK regulation*; and
- (b) is not exercising a right to manage a *UK AIF* under *temporary permission*.

Annex B

Amendments to the Principles for Businesses (PRIN)

In this Annex, striking through indicates deleted text.

3 Rules about application

3.1 Who?

...

- 3.1.10 R (1) Only *Principles* 1, 2, 3, 9, 11, 12 and *PRIN* 2A apply to a *TP UCITS qualifier* ~~and a *TP AIFM qualifier*~~, and only with respect to the activities in *PRIN* 3.2.2R (Communication and approval of financial promotions).
- (2) Where *Principle* 12 and *PRIN* 2A do not apply, *Principle* 7 also applies to a *TP UCITS qualifier* ~~and a *TP AIFM qualifier*~~ with respect to the activities in *PRIN* 3.2.2R.

...

3.3 Where?

...

- 3.3.4 R Notwithstanding *PRIN* 3.3.1R, *PRIN* applies to:

...

- (3) ~~a *TP AIFM qualifier*~~ or a *TP UCITS qualifier* with respect to the *firm's* activities in relation to the *AIF* or *scheme* in question, in the *United Kingdom*.

Annex C

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

In this Annex, striking through indicates deleted text.

23 Senior managers and certification regime: introduction and classification

...

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

1

...

Part Three: Definition of exempt firm

...

3.6 R ~~A *TP AIFM qualifier* is an exempt firm.~~ [deleted]

...

Annex D

Amendments to the General Provisions sourcebook (GEN)

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

2 Interpreting the Handbook

...

2.2 Interpreting the Handbook

...

Amendments to rules applied by the General Rules

2.2.27 R ...

- (3) ~~Except where paragraph (4) applies, a *TP firm* does not have to comply with paragraph (1)(a) while and to the extent that the *FCA* directs that where the same *rule*:~~
- (a) ~~begins to apply to a *firm* other than a *TP firm* (A) as a result of an exit instrument, the *rule* is not to apply to A; or~~
- (b) ~~applies to A differently from how it would but for an exit instrument, the obligation is modified so that A does not breach it if A complies with the *rule* as it applied immediately before *IP completion day*. [deleted]~~
- (4) ~~In relation to a matter subject to the *FCA's* prudential transitional direction, paragraph (1)(a) does not apply while and to the extent that the *FCA* directs that where the same *rule*:~~
- (a) ~~begins to apply to a *firm* other than a *TP firm* (A) as a result of an exit instrument, the *rule* is not to apply to A; or~~
- (b) ~~applies to A differently from how it would but for an exit instrument, the *rule* shall apply to A as it would have applied immediately before *IP completion day*. [deleted]~~
- (5) ~~In this *rule*:~~
- (a) ~~the reference to the “*FCA directs*” refers to a direction made by the *FCA* under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019;~~

- (b) ~~the expressions “exit instrument” and “relevant obligation” have the meanings in Part 7 of those regulations;~~
- (c) ~~the reference to the “FCA’s prudential transitional direction” is to a direction made under Part 7 of those regulations covering prudential matters set out in the direction. [deleted]~~

...

MiFID technical standards

2.2.29 R ...

- (2) The provisions referred to in (1) are technical standards deriving from previously adopted *EU regulations* under *MiFID* which are ~~retained EU~~ assimilated law, except:

...

...

...

Rules applying while a firm has temporary recognition – general – TP UCITS qualifiers ~~and TP AIFM qualifiers~~

2.2.32 R (1) Unless the contrary intention appears, a *rule* does not apply to a *TP UCITS qualifier* ~~or a TP AIFM qualifier~~, except that in relation to a *scheme* or a *sub-fund* a *rule* which imposed an obligation on a *person* immediately before *IP completion day* who becomes a *TP UCITS qualifier* ~~or a TP AIFM qualifier~~ continues to apply to that *person* to the same extent and to the same activities to which the *rule* applied at that time.

...

Amendments to rules applied to ~~TP AIFM qualifiers and~~ TP UCITS qualifiers

2.2.33 R ...

- (2) Where a *rule* (or paragraph of a *rule*) applied by *GEN 2.2.32R*:
 - (a) only applied to a *person* who was an ~~authorised person~~ authorised person by virtue of paragraph 1(1) of Schedule 5 to the *Act*; and
 - (b) is deleted on *IP completion day*;

deletion is disregarded and it continues to apply to the *TP UCITS qualifier* ~~or TP AIFM qualifier~~; and references in the *rule* (or

paragraph of the *rule*) to the *EU* or to an *EU* matter or thing are deemed to be references to the *UK* or a *UK* matter or thing, as the case may be.

- (3) ~~A *TP UCITS qualifier* or a *TP AIFM qualifier* does not have to comply with paragraph (1)(a) while and to the extent that the *FCA* directs that where the same *rule*:~~
- (a) ~~begins to apply to a *firm* other than a *TP firm*, *TP UCITS qualifier* or a *TP AIFM qualifier* (A) as a result of an exit instrument, it is not to apply to A; or~~
 - (b) ~~applies to A differently from how it would have but for an exit instrument, the obligation is modified so that A does not breach it if it complies with the *rule* as it applied immediately before *IP completion day*. [deleted]~~
- (4) ~~In paragraph (3):~~
- (a) ~~the reference to the “*FCA* directs” is to a direction made by *FCA* under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019;~~
 - (b) ~~the expressions “exit instrument” and “relevant obligation” have the meanings in Part 7 of those regulations. [deleted]~~

Modification of rules applied to ~~*TP AIFM qualifiers*~~ and *TP UCITS* qualifiers

- 2.2.34 R (1) Where a *rule* in *GEN* 2.2.32R applies and:
- (a) as a result of an amendment which comes into force on *IP completion day* which removes a reference to a matter in relation to the *EEA*; and
 - (b) it is no longer practicable for the *TP UCITS qualifier* ~~or the *TP AIFM qualifier*~~ to comply with the *rule* because of the amendment,
- the *TP UCITS qualifier* ~~or the *TP AIFM qualifier*~~ may treat the *rule*, to the extent necessary, as if it continued to refer to a matter in relation to the *EEA*.
- (2) If as a result of:
- (a) the *UK*’s withdrawal from the *EU*; and
 - (b) complying with a *rule* applied by *GEN* 2.2.32R,

a *TP UCITS qualifier* ~~or a *TP AIFM qualifier*~~ would contravene a provision in its *Home State*, the rule applied by GEN 2.2.32R which caused the contravention, to the extent necessary, does not apply.

Guidance applying while a firm has temporary permission

- 2.2.35 R Unless the contrary intention appears, *guidance* does not apply to a *TP firm*, or a *TP UCITS qualifier* or a *TP AIFM qualifier* except that:
- ...
- (3) *guidance* on or in connection with a *rule* applied by GEN 2.2.32R applies to a *TP UCITS qualifier* ~~and a *TP AIFM qualifier*~~ to the same extent as that *rule*; and
- (4) to the extent that an enactment, other than a *rule*, applies to both a *TP firm* and a *firm* with a *Part 4A permission* granted by the *FCA* or *PRA*, *guidance* on, or in connection with, that enactment (or relevant part of that enactment) applies to a *TP firm* to the same extent as it applies to a *firm* with ~~Part 4A permission~~ *Part 4A permission* granted by the *FCA* or *PRA*. To the extent an enactment is modified for the purposes of the *EU Exit Passport Regulations*, *guidance* on, or in connection with, that enactment must be read subject to those modifications. This provision applies mutatis mutandis to *guidance* which applies to a *TP UCITS qualifier* ~~or a *TP AIFM qualifier*~~.

...

Purpose

- 2.2.36 G ...
- (2) The Glossary definitions of *TP firm* and *temporary permission* each ~~include both *firms* that enter the temporary permission or temporary variation regime set out in Part 3 of the *EU Exit Passport Regulations* and now apply in practice only to *firms* that enter~~ have entered the financial services contracts regime set out in Part 6 of the *EU Exit Passport Regulations* ~~on or after IP completion day~~.
- ...
- (5) The application of *rules* and *guidance* to *TP firms* ~~under Part 3 of the *EU Exit Passport Regulations*~~ must be read in the light of the purpose of *temporary permission* under Part 3 6 of those Regulations, which is to allow *TP firms* to continue to carry on *regulated activities* in the *United Kingdom*, or of the purpose of the temporary recognition regime for *TP UCITS qualifiers* ~~or for *TP AIFM qualifiers*~~ to continue to market funds in the *United Kingdom*. In each case that purpose takes into account that the legal framework

underpinning cross border financial services has changed because the *Treaty*, EU regulations and EU directives no longer apply in the *United Kingdom* by virtue of EU law.

- (6) For a *TP firm* under Part 3 6 of the *EU Exit Passport Regulations* the scope of authorisation of an *EEA-based firm* which qualified for authorisation under Schedule 3 or 4 to the *Act* is preserved, but is now limited by what is permitted under regulation 33 or 40 of those Regulations (that is, activity necessary for the performance of a pre-existing contract). Those Regulations do not extend the means by which a *TP firm* can carry on *regulated activities* in the *United Kingdom*, which remain limited (leaving aside top-up permission) to those which were available under the *Treaty* on the Functioning of the European Union, for example, a *firm* carrying on *regulated activities* in the *United Kingdom* from an establishment outside of the *EEA* cannot rely upon this means to do so. ~~For a *TP firm* under Part 6 of the *EU Exit Passport Regulations*, the scope of the *firm's permission* is further limited by what is permitted under regulation 33 or 40 of those Regulations.~~

...

- (10) A person with *temporary EMI authorisation* is deemed to be an *authorised electronic money institution* in accordance with ~~regulation 2(a) of Part 1~~ paragraph 12B of Part 1A of Schedule 3 of the *E-money and Payments Transitional Provisions Regulations*. As such, the provisions of the *Electronic Money Regulations* as amended by the *E-money and Payments Transitional Provisions Regulations* and subject to the exclusions set out in ~~regulation 7 of~~ paragraph 7 of Part 1 and paragraph 12H of Part 1A of Schedule 3 of the *E-money and Payments Transitional Provisions Regulations* apply to such persons.

- (11) This paragraph applies to persons with *temporary PI authorisation* and ~~*temporary RAISP authorisation*~~ *temporary RAISP registration*:

- (a) a person with *temporary PI authorisation* is deemed to be an *authorised payment institution* in accordance with ~~regulation 14(2)(a)(i) of Part 2~~ paragraph 26(4)(a)(i) of Part 3 of Schedule 3 of the *E-money and Payments Transitional Provisions Regulations*.

a person with ~~*temporary RAISP authorisation*~~ *temporary RAISP registration* is deemed to be a *Registered Account Information Service Provider* in accordance with ~~regulation 2(2)(a)(ii) of Part 2~~ paragraph 26(4)(a)(ii) of Part 3 of Schedule 3 of the *E-money and Payments Transitional Provisions Regulations*.

- (12) As such, the provisions of the *Payment Services Regulations* as amended by the *E-money and Payments Transitional Provisions Regulations* and subject to the exclusions set out in ~~regulation 19 of paragraph 19 in Part 2 and paragraph 32 in Part 3 of Schedule 3 to the *E-money and Payments Transitional Provisions Regulations*~~ apply to persons to whom paragraph (11) applies.
- (13) The ~~Glossary~~ *Glossary* definitions of *temporary EMI authorisation*, *temporary PI authorisation* and ~~*temporary RAISP authorisation*~~ *temporary RAISP registration* each include both ~~persons that enter the temporary permission regime set out in Parts 1 and 2 of Schedule 3 of the *E-money and Payments Transitional Provisions Regulations* and now apply in practice only to persons that enter~~ have entered the financial services contracts regime in accordance with regulation 12B and 26 of Parts 1A and 3 of Schedule 3 of the *E-money and Payments Transitional Provisions Regulations*.

The effect of the General Rules

2.2.37 G ...

- (11) ~~*GEN 2.2.27R(3)* concerns the use of the *FCA's* standstill direction to disapply or modify certain obligations as a result of the operation of exit instruments. That direction does not apply to *rules* applied to *TP firms* by the general approach *rules*. *GEN 2.2.27R(3)* therefore achieves a similar result to the direction by disapplying the requirement in *GEN 2.2.27R(1)(a)* to comply with changes made to a *rule* in question which comes into force on *IP completion day* to address an issue resulting from the *UK's* withdrawal from the *European Union*. Since *GEN 2.2.27R(3)* states that, where it applies, a *TP firm* does not have to comply with a *rule* as amended referred to in *GEN 2.2.27R(1)(a)*, it is open to the *TP firm* to comply with such a *rule* while the *FCA's* standstill direction is in force. *GEN 2.2.33R(3)* has the same effect in relation to *TP UCITS qualifiers* and *TP AIFM qualifiers*. In contrast, *GEN 2.2.27R(4)*, where it applies, has the effect that a *TP firm* has to comply with a prudential *rule* which applies to it as the *rule* was immediately before *IP completion day*. [deleted]~~

...

4 Statutory status disclosure

...

4.3 Letter disclosure

Disclosure in letters to retail clients

...

4.3.1-A R A *TP firm* must take reasonable care to ensure that every letter (or electronic equivalent) which it or its *employees* send to a *retail client*, with a view to or in connection with the *TP firm* carrying on a *regulated activity*, includes the disclosure in, as the case may be:

- (1) ~~for a *TP firm* under Part 3 of the *EU Exit Passport Regulations*, *GEN 4 Annex 1B 1.1R* or *1.2R* (firms that are not *PRA- authorised persons*) or, *GEN 4 Annex 1B 2.1R* or *2.2R* (*PRA- authorised persons*); or [deleted]~~

...

...

GEN 4 Annex 1B (Statutory status disclosure (TP firms)) is deleted in its entirety. The deleted text of the chapter is not shown but it is marked [deleted] as shown below.

**GEN 4
Annex
1B** **Statutory status disclosure (TP firms) [deleted]**

...

TP 5 **Transitional provisions applying across the FCA Handbook and Technical Standards relating to the UK’s exit from the EU**

...

Table 2: Transitional provisions applying across the FCA Handbook and Technical Standards

| (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 |
|-----|---|-----|---|--|--|
| ... | | | | | |
| 4 | Every provision in the <i>FCA Handbook</i> , unless the | R | Deemed references to pre-IP completion day | From <i>IP completion day</i> | <i>IP completion day</i> |

| | | | | | |
|-----|---|--|---|--|--|
| | context otherwise requires and subject to any more specific transitional provision relating to the matter | | <p>provisions Any reference (express or implied) in a provision in the <i>FCA Handbook</i> to a provision of or made under the <i>Act</i> or of retained EU <u>assimilated</u> law is to be read (so far as the context permits and according to the context) as being or including, in relation to times, circumstances and purposes before <i>IP completion day</i>, a reference to any substantially similar pre-<i>IP completion day</i> provision.</p> | | |
| ... | | | | | |

GEN TP 6 (Transitional provisions applying to GEN only – status disclosure for temporary permission firms) is deleted in its entirety. The deleted text of the chapter is not shown but it is marked [deleted] as shown below.

GEN TP 6 Transitional provisions applying to GEN only – status disclosure for temporary permission firms [deleted]

Annex E**Amendment to the Supervision manual (SUP)**

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

16 Reporting requirements

...

16.30 Baseline Financial Resilience Report

Application

16.30.1 R

...

(4) a *PRA-authorised person*; and(5) a *supervised run-off firm*; ~~and~~.(6) ~~a *TP firm*~~. [deleted]

...

Annex F

Amendments to the Perimeter Guidance manual (PERG)

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

13 Guidance on the scope of the UK provisions which implemented MiFID

13.1 Interpreting the Handbook

...

Transitional onshoring provisions

The effect of section 3 of the European Union (Withdrawal) Act 2018 is that “direct EU legislation” became part of *UK* law, as at IP completion day (and is ~~known as “retained EU law” in accordance with section 6 of the same legislation~~) now known as "assimilated law" by virtue of section 5 of the Retained EU Law (Revocation and Reform) Act 2023). As such, MiFIR and all directly applicable regulations made under MiFID and MiFIR including the MiFID Org Regulation (Commission Delegated Regulation 2017/565), the MiFIR Delegated Regulation (Commission Delegated Regulation 2017/567) and technical standards became part of *UK* law, as at IP completion day.

...

13.2 General

Q1. Why does it matter whether or not we fall within the scope of MiFID?

Depending on whether or not you fall within the scope of MiFID, you may be subject to:

- domestic legislation implementing MiFID (for example, FCA rules);
- “direct EU legislation”, which became part of *UK* law as at IP completion day in accordance with section 3 of the European Union (Withdrawal) Act 2018, and is ~~known as “retained EU law” in accordance with section 6 of the same legislation~~ now known as "assimilated law" by virtue of section 5 of the Retained EU Law (Revocation and Reform) Act 2023 (such as, MiFIR and all directly applicable regulations made under it or under MiFID); and
- other FCA *rules* or legislation whose scope is drawn by reference to MiFID (for example, the Prudential sourcebook for MiFID investment firms (*MIFIDPRU*)).

...

Appendix 5

Consequential amendment to UK Credit Rating Agencies Regulation to implement Securitisation Regulations 2024

**TECHNICAL STANDARDS (CREDIT RATING AGENCIES REGULATION)
(AMENDMENT) INSTRUMENT 2024**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions of the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138P (Technical standards);
 - (2) section 138Q (Standards instruments);
 - (3) section 138S (Application of Chapters 1 and 2); and
 - (4) section 137T (General supplementary powers).
- B. For the purposes of section 138P of the Act, the power to make regulatory technical standards which the FCA relies on for the purposes of this instrument is conferred on the FCA by Article 21(4) and (4a) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies.
- C. Pursuant to section 138P(2)(b) of the Act, the power to make technical standards includes the power to modify, amend or revoke any EU tertiary legislation made by an EU entity under the original EU power which forms part of retained EU law. Delegated Regulation (EU) No 2015/2 constitutes EU tertiary legislation (as defined in section 20 of the European Union (Withdrawal) Act 2018) for the purposes of section 138P(2)(b) of the Act.
- D. The provisions referred to above are specified for the purpose of section 138Q(2) (Standards instruments) of the Act.

Pre-conditions to making

- E. The FCA has consulted the Prudential Regulation Authority and the Bank of England as appropriate in accordance with section 138P of the Act.
- F. A draft of this instrument has been approved by the Treasury in accordance with section 138R of the Act.
- G. The FCA published a draft of this instrument in accordance with section 138I(1)(b) of the Act, accompanied by the information required by section 138I(2). The FCA had regard to representations made in response to the public consultation.

Modifications

- H. The following technical standard is amended in accordance with the Annex to this instrument.

Commission Delegated Regulation (EU) 2015/2 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards for the presentation of the information that credit rating agencies make available to the European Securities and Markets Authority

Commencement

I. This instrument comes into force on *[date]*.

Citation

J. This instrument may be cited as the Technical Standards (Credit Rating Agencies Regulation) (Amendment) Instrument 2024.

By order of the Board
[date]

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

Annex

Commission Delegated Regulation (EU) 2015/2 of 30 September 2014 supplementing Regulation (EC) No 1060/2009 of the European Parliament and of the Council with regard to regulatory technical standards for the presentation of the information that credit rating agencies make available to the European Securities and Markets Authority

...

Article 5

Structured finance ratings

- (1) Structured finance ratings shall relate to a financial instrument or other assets resulting from a securitisation transaction or scheme referred to in ~~point 1 of Article 2 of Regulation 2017/2402/EU~~ the definition of 'Securitisation' in regulation 3(1) of the Securitisation Regulations 2024 (SI 2024/102).

...

Appendix 6

Removing references to LTIFs and the LTIF Regulation

LONG-TERM INVESTMENT FUND (AMENDMENT) INSTRUMENT 2024

Powers exercised by the Financial Conduct Authority

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 138D (Actions for damages);
 - (d) section 139A (Power of the FCA to give guidance);
 - (e) section 213 (The compensation scheme);
 - (f) section 214 (General);
 - (g) section 226 (Compulsory jurisdiction);
 - (h) section 395 (The FCA’s and PRA’s procedures);
 - (i) paragraph 23 (Fees) of Schedule 1ZA; and
 - (j) paragraph 13 (FCA’s procedural rules) of Schedule 17; and
 - (2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Powers exercised by the Financial Ombudsman Service Limited

- C. The Financial Ombudsman Service Limited:
- (1) makes and amends the rules and guidance for the Voluntary Jurisdiction; and
 - (2) fixes and varies the standard terms for Voluntary Jurisdiction participants,
- as set out in Annex E to this instrument; and
- (1) makes and amends the rules and guidance for the Voluntary Jurisdiction; and
 - (2) fixes and varies the standard terms for Voluntary Jurisdiction participants,
- to incorporate the amendments to the Glossary terms made by the FCA as set out in Annex A to this instrument,
- in the exercise of the following powers and related provisions of the Act:
- (a) section 227 (Voluntary jurisdiction);
 - (b) paragraph 8 (Information, advice and guidance) of Schedule 17;
 - (c) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
 - (d) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.

- D. 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 in paragraph C, is subject to the approval of the FCA.

Commencement

- E. This instrument comes into force on *[date]*.

Amendments to the Handbook

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

| (1) | (2) |
|--|---------|
| Glossary | Annex A |
| Fees manual (FEES) | Annex B |
| Conduct of Business sourcebook (COBS) | Annex C |
| Decision Procedure and Penalties manual (DEPP) | Annex D |
| Dispute Resolution: Complaints sourcebook (DISP) | Annex E |
| Compensation sourcebook (COMP) | Annex F |
| Collective Investment Schemes sourcebook (COLL) | Annex G |
| Investment Funds sourcebook (FUND) | Annex H |

Amendments to material outside the Handbook

- G. The Enforcement Guide (EG) is amended in accordance with Annex I to this instrument.

Citation

- H. This instrument may be cited as the Long-Term Investment Fund (Amendment) Instrument 2024.

By order of the Board of the Financial Ombudsman Service Limited
[date]

By order of the Board of the FCA
[date]

Annex A

Amendments to the Glossary of definitions

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

| | |
|------------------------|--|
| <i>authorised fund</i> | (a) (other than in FEES 6 and COMP) an <i>ICVC</i> , <i>ACS</i> or an <i>AUT</i> . |
| | (b) (in FEES 6 and COMP) an ICVC, an ACS, an AUT, or a UK ELTIF other than a body corporate that is not a collective investment scheme. |
| <i>holder</i> | (a) (in relation to a <i>unit</i> in an <i>authorised fund</i>): ... (ii) the <i>Unitholder</i> ; or, (iii) (in FEES 6 and COMP, where the authorised fund is a UK ELTIF), the person whose name is entered in the record of the holders of units in the ELTIF as the holder of that unit. [deleted] |
| | ... |

Delete the following definitions. The text is not struck through.

| | |
|------------------------|--|
| <i>LTIF</i> | a long-term investment fund (as defined in the <i>LTIF regulation</i>) authorised under the <i>LTIF Regulation</i> |
| <i>LTIF Regulation</i> | the UK version of Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds which is part of <i>UK</i> law by virtue of the <i>EUWA</i> . |

Annex B

Amendments to the Fees manual (FEES)

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

1 Fees Manual

1.1 Application and Purpose

...

Application

1.1.2 R This manual applies in the following way:

(1) ...

(2) *FEES* 1, 2 and 4 apply to:

...

(da) ~~every UK AIFM of an LTIF;~~ [deleted]

...

...

...

3 Application, Notification and Vetting Fees

...

3.2 Obligation to pay fees

...

3.2.7 R Table of application, notification, vetting and other fees payable to the FCA

| Part 1A: Application, notification and vetting fees | | |
|---|--|----------|
| (1) Fee payer | (2) Fee payable (£) by reference to the pricing category in <i>FEES</i> 3 Annex 1AR. | Due date |
| | ... | ... |

| | | |
|--|-----|-----|
| (da) <i>Persons</i> making an application or notification in relation to applications set out in <i>FEES 3 Annex 2R</i> : ... (ii) application for the authorisation of an <i>AIF</i> as an <i>LTIF</i> ; [deleted] ... | ... | ... |
| ... | | |

3 **Application and notification fees payable in relation to collective investment**
Annex **schemes, ~~LTIFs~~, money market funds and AIFs marketed in the UK**
2R

| Legislative provision | Nature and purpose of fee | Payable by | Applicable pricing category in FEES 3 Annex 1AR | Umbrella factor (note 1) |
|---|--|-------------------|--|---------------------------------|
| ... | | | | |
| Part 2A Application fees payable for firms applying for a UK AIF to be authorised under article 5 of the <i>LTIF</i> regulation [deleted] | | | | |
| Article 5 of the <i>LTIF</i> regulation | On application for an <i>AIF</i> to be authorised under the <i>LTIF</i> regulation | An applicant | 5 | 2 |
| ... | | | | |

...

4 **Periodic fees**

...

4.2 **Obligation to pay periodic fees**

...

4.2.11 R Table of periodic fees payable to the *FCA*

| 1 Fee payer | 2 Fee payable | 3 Due date | 4 Events occurring during the period leading to modified periodic fee |
|-----------------------------|---|---|--|
| ... | | | |
| <i>UK AIFM of a an LTIF</i> | In relation to each <i>LTIF</i> the amount specified in part 1 of <i>FEES 4 Annex 4</i> | (1) Unless (2) applies, on or before 1 August or, if later, within 30 days of the date of the invoice. (2) If an event in column 4 occurs during the course of a <i>fee year</i> , 30 days after the occurrence of that event. | The <i>LTIF</i> is authorised by the <i>FCA</i> under the <i>LTIF Regulation</i> |
| ... | | | |

...

[*Editor's note*: FEES 4 Annex 4R takes into account the proposals suggested in the consultation paper 'FCA regulated fees and levies: rates proposals for 2024/25' (CP24/6) as if they were made final.]

4 Annex 4R Periodic fees in relation to collective investment schemes, AIFs marketed in the UK, small registered UK AIFMs and money market funds payable for the period 1 April 2024 to 31 March 2025

Part 1 – Periodic fees payable

| Scheme type | Basic fee (£) | Total funds/sub-funds aggregate | Fund factor | Fee (£) |
|-------------|---------------|---------------------------------|-------------|---------|
| | | | | |

| | | | | |
|---|-----|-----|-----|-----|
| | | | | |
| ICVC, AUT, ACS, LTIFs, Money market funds with effect from 21 July 2018 | ... | ... | ... | ... |
| ... | | | | |

...

4A Temporary Permissions Regime (TPR) and Financial Service Contracts Regime (FSCR) – periodic fees

...

[Editor’s note: FEES 4 Annex 4R takes into account the proposals suggested in the consultation paper ‘FCA regulated fees and levies: rates proposals for 2024/25’ (CP24/6) as if they were made final.]

**4A TPR funds periodic fees for the period from 1 April 2024 to 31 March 2025
Annex
2R**

Part 1

...

Part 2

| Scheme type | Fee (£) |
|---|---------|
| EEA AIF, EuVECA, EuSEF, or EEA LTIF which may be marketed in the UK under Part 9A of The Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018 | 397 |

Annex C

Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, striking through indicates deleted text.

18 Specialist Regimes

...

18.5A Full-scope UK AIFMs and incoming EEA AIFM branches

Application

...

18.5A. R The adequate information provisions in *COBS* 18.5A.11R do not apply to a
2 *full-scope UK AIFM* of:

(1) ~~an *LTIF*; or~~

(2) an *unauthorised AIF* which is not a *collective investment scheme*.

...

Annex D

Amendments to the Decision Procedure and Penalties manual (DEPP)

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

2 Statutory notices and the allocation of decision making

...

2 Warning notices and decision notices under the Act and certain other enactments

Annex 1

...

...

| Alternative Investment Fund Managers Regulations 2013 | Description | Handbook reference | Decision maker |
|---|--|--------------------|-----------------------------|
| ... | | | |
| Regulation 23B(1) | where the FCA proposes to refuse an application made by a UK AIF for authorisation as a UK LTIF [deleted] | | <i>Executive procedures</i> |
| Regulation 23B(2)(a) | where the FCA decides to refuse an application made by a UK AIF for authorisation as a UK LTIF [deleted] | | <i>Executive procedures</i> |

| | | | |
|----------------------|--|--|-----------------------------|
| Regulation 23C(1) | where the <i>FCA</i> proposes to revoke the authorisation of a <i>UK LTIF</i> [deleted] | | <i>Executive procedures</i> |
| Regulation 23C(2)(a) | where the <i>FCA</i> decides to revoke the authorisation of a <i>UK LTIF</i> [deleted] | | <i>Executive procedures</i> |
| ... | | | |

...

Annex E

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

...

Application to firms

...

1.1.5 R This chapter does not apply to:

...

(6) a *depository*, for *complaints* concerning activities carried on for an *AIF* that is:

...

(b) another type of *AIF* unless it is:

(i) ...

(ii) ~~an *LTIF*~~; or [deleted]

(iii) ...

...

...

1 Application of DISP 1 to type of respondent / complaint

Annex
2G

| |
|---|
| <p>The table below summarises the application of <i>DISP</i> 1. Where the table indicates that a particular section may apply, its application in relation to any particular activity or <i>complaint</i> is dependent on the detailed application provisions set out in <i>DISP</i> 1.</p> |
|---|

2 Jurisdiction of the Financial Ombudsman Service

...

2.7 Is the complainant eligible?

...

Eligible complainants

...

2.7.6 R To be an *eligible complainant* a *person* must also have a *complaint* which arises from matters relevant to one or more of the following relationships with the *respondent*:

...

(3) the complainant is the holder, or the beneficial owner, of *units* in a *collective investment scheme* and the *respondent* is:

...

(c) the *depository* of a *charity AIF*; ~~or~~

(d) ~~the depository of an LTIF; [deleted]~~

(3A) the complainant is the holder, or the beneficial owner, of *units* or *shares* in an *AIF* that is not a *collective investment scheme* where the *respondent* is:

...

(b) ~~the AIFM or depository of a LTIF (other than a body corporate); or [deleted]~~

...

...

...

Annex F

Amendments to the Compensation sourcebook (COMP)

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

5 Protected claims

...

5.5 Protected investment business

5.5.1 R *Protected investment business* is:

...

(5) ~~the activities of the *manager* or *depository* of an *LTIF*, provided that the *claim* is made by a *holder*; [deleted]~~

...

...

Annex G

Amendments to the Collective Investment Schemes sourcebook (COLL)

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

6 Operating duties and responsibilities

...

6.9 Independence, names and UCITS business restrictions

...

Use of the term 'long-term asset fund' or 'LTAF'

...

- 6.9.8D G (1) The term 'Long-Term Asset Fund' or 'LTAF' is reserved *for long-term asset funds* (see *COLL 15*).
- (2) ~~Only AIFs that are authorised in accordance with the *LTIF Regulation* may use the designation 'LTIF' or 'long term investment fund'.~~

...

8 Qualified investor schemes

...

8.2 Constitution

...

Undesirable and misleading names

- 8.2.4 G ...
- (3) ~~Only AIFs that are authorised in accordance with the *LTIF Regulation* may use the designation 'LTIF' or 'long term investment fund'.~~
[deleted]

...

15 Long-term asset funds

...

15.3 Constitution

...

Undesirable and misleading names

15.3.4 G ...

- (3) ~~Only AIFs that are authorised in accordance with the *LTIF Regulation* may use the designation 'LTIF' or 'long term investment fund'.~~
[deleted]

...

Annex H

Amendments to the Investment Funds sourcebook (FUND)

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

1 Introduction

1.1 Application and purpose

- 1.1.1 R (1) The application of this sourcebook is summarised at a high level in the following table. The detailed application is provided in each chapter.

| Type of firm | Applicable chapters |
|--|---------------------------|
| ... | |
| full scope UK AIFM of an LTIF | Chapters 1, 3, 4.2 and 10 |
| ... | |
| depository of an LTIF managed by a full scope UK AIFM | Chapters 1, 3 and 4.2 |

...

1.2 Structure of the Investment Funds sourcebook

Structure of the Investment Funds sourcebook

- 1.2.1 G *FUND* is structured as follows:

...

- (4) ~~*FUND 4* sets out some requirements in relation to specialist AIF regimes, including the LTIF regimes. [deleted]~~

...

...

3 Requirements for alternative investment fund managers

...

3.12 Marketing a UK AIF in the UK

...

Marketing an LTIF

- 3.12.7 G ~~To market an *LTIF* in the *United Kingdom* a *full-scope UK AIFM* should submit a notice to the *FCA* using the forms in:~~
- (1) ~~*FUND 3 Annex 1D* (Notification of intention to market an AIF in the United Kingdom); and~~
 - (2) ~~*FUND 4 Annex 1R* (Additional documentation and information to market an *LTIF*). [deleted]~~

...

FUND 4 is deleted in its entirety. The deleted text is not shown but the chapter is marked [deleted] as shown below.

4 Specialist AIF Regimes [deleted]

Annex I

Amendments to the Enforcement Guide (EG)

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

19 Non-FSMA powers

...

19.27 Alternative Investment Fund Managers Regulations 2013

19.27.1 The *AIFMD UK* regulation transposed *AIFMD* and made the necessary changes to *UK legislation* in relation to the implementation of the *EuSEF regulation*, the *EuVECA regulation*, ~~the *ELTIF regulation*~~ and the Money Market Funds regulation. It provided new and updated powers in relation to both existing and new managers of *AIFs*, whether authorised or registered.

...

Appendix 7

The transitional transparency regime

**TECHNICAL STANDARDS (MARKETS IN FINANCIAL INSTRUMENTS
TRANSPARENCY) (TRANSITIONAL PROVISIONS) INSTRUMENT 2024**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) articles 4, 7, 9, 11, 12, 20, 21 and 22, and paragraph 24 of Schedule 3 to Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012; and
 - (2) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 138P (Technical standards)
 - (b) section 138Q (Standards instruments);
 - (c) section 138S (Application of Chapters 1 and 2); and
 - (d) section 137T (General supplementary powers).
- B. The rule-making powers listed above are specified for the purposes of section 138Q(2) (Standards instruments) of the Act.

Pre-conditions to making

- C. The FCA has consulted the Prudential Regulation Authority and the Bank of England as appropriate in accordance with section 138P of the Act.
- D. A draft of this instrument has been approved by the Treasury in accordance with section 138R of the Act.

Interpretation

- E. In this instrument, any reference to any provision of assimilated direct legislation is a reference to it as it forms part of assimilated law.

Modifications

- F. The following technical standards are amended in accordance with the Annexes to this instrument listed in column (2) below.

| (1) | (2) |
|--|---------|
| Commission Delegated Regulation (EU) 2017/577 of 13 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on the volume cap mechanism and the provision of information for the purposes of transparency and other calculations | Annex A |

| | |
|---|---------|
| Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives | Annex B |
| Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and the obligation for investment firms to execute transactions in certain shares on a trading venue or a systematic internaliser | Annex C |
| Commission Delegated Regulation (EU) 2017/588 of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on the tick size regime for shares, depositary receipts and exchange traded funds | Annex D |

Commencement

G. This instrument comes into force on *[date]*.

Citation

H. This instrument may be cited as the Technical Standards (Markets in Financial Instruments Transparency) (Transitional Provisions) Instrument 2024.

By order of the Board
[date]

In this Annex, underlining indicates new text, unless otherwise stated.

Annex A

Commission Delegated Regulation (EU) 2017/577 of 13 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on the volume cap mechanism and the provision of information for the purposes of transparency and other calculations

Articles 6 and 8 are deleted in its entirety and the deleted text is not shown.

...

Article 6

Reporting requirements for trading venues and CTPs for the purpose of the volume cap mechanism [deleted]

...

Article 8

Reporting requirements for ESMA for the purpose of the volume cap mechanism [deleted]

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

Annex B

Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives

...

CHAPTER IV PROVISIONS COMMON TO PRE-TRADE AND POST-TRADE TRANSPARENCY

...

Article 13A

Transitional period for publication of transparency calculations

...

- (2) For the purposes of this Article, the term ‘transitional period’ ~~has the same meaning as under Article 5(3A) of Regulation 600/2014/EU~~ means the period ending on the day this Article is revoked.
- (3) ~~During the transitional period, and until the FCA makes a publication under Article 13 in relation to the financial instrument in question, the determination of whether or not it is liquid, the minimum order and transaction size of the size specific to the financial instrument and the minimum sizes of orders and transactions that are large in scale (as appropriate) in respect of a bond, structured finance product, emission allowance or derivative shall be as follows: [deleted]~~
 - (a) ~~that stated in the most recent information published before IP completion day under Article 13 or 18 (whichever is the most recent) by a competent authority in the European Union (including the FCA), provided the calculations used to produce that information did not exclude trading in the UK for the relevant period; or~~
 - (b) ~~if no such information was published by a competent authority in the European Union in respect of a financial instrument under those provisions before IP completion day:~~
 - (i) ~~the financial instrument shall be considered not to have a liquid market;~~

- (ii) ~~the minimum order and transaction size of the size specific to the financial instrument and the minimum sizes of orders and transactions that are large in scale (as appropriate) shall be that estimated by the FCA, taking into account any previous trading history of that financial instrument and of other financial instruments that are considered to have similar characteristics, and published on IP completion day.~~
- (4) From IP completion day and during the transitional period the FCA's obligations to perform calculations and publish information under Articles 13(17) and 13(18) are modified as follows:
- (a) it shall publish whether or not the relevant instrument appears to it to be liquid, what appears to it to be the minimum order and transaction size of the size specific to the financial instrument, and the minimum sizes of orders and transactions that are large in scale (as appropriate);
- (b) it is not required to follow the relevant methodology in Article 3, 5, 6, 9, 10, 13 or 17 (as applicable) but where it does not:
- it must have regard to the relevant methodology; and
 - it may take into account any information available in relation to trading of the financial instrument in question in the United Kingdom or in any other country; and
- (c) in the case of a publication under Article 13(17), it shall ensure publication by five working days after 30 April; and
- (d) in the case of a publication under Article 13(18), it shall ensure publication by five working days after the first day of February, May, August and November.

...

Article 17

Provisions for the liquidity assessment for bonds and for the determination of the pre-trade size specific to the instrument thresholds based on trade percentiles

...

- (4) ~~The FCA shall, by 30 July of the year following the date of application of Regulation (EU) No 600/2014 and by 30 July of each year thereafter, submit to the Treasury an assessment of the operation of the thresholds for the liquidity criterion 'average daily number of trades' for bonds as well as the size specific to the financial instruments [deleted]~~
- (5) ~~The assessment referred to in paragraph 4 shall take into account: [deleted]~~
- (a) ~~the evolution of trading volumes in non-equity instruments covered by the pre-trade transparency obligations pursuant to Article 8 and 9 of Regulation (EU) No 600/2014;~~
- (b) ~~the impact on liquidity providers of the percentile thresholds used to determine the size specific to the financial instrument; and~~

- (e) any other relevant factors.
- (6) ~~The FCA shall, in light of the assessment undertaken in accordance with paragraphs 4 and 5, consider its use of the powers to amend this Regulation at regulation 3 of the Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (SI 2018/1115) and section 138P of FSMA. [deleted]~~

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

Annex C

Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and the obligation for investment firms to execute transactions in certain shares on a trading venue or a systematic internaliser

...

CHAPTER IV PROVISIONS COMMON TO PRE-TRADE AND POST-TRADE TRANSPARENCY CALCULATIONS

...

Article 17

Methodology, date of publication and date of application of the transparency calculations (Article 22(1) of Regulation (EU) No 600/2014)

...

- (2) The FCA, market operators and investment firms including investment firms operating a trading venue shall use the information published in accordance with paragraph 1 for the purposes of points (a) and (c) of Article 4(1) and paragraphs 2 and 4 of Article 14 of Regulation (EU) No 600/2014, for a period of 12 months from 1 April of the year in which the information is published or until the revocation of this article, whichever is earlier.

Where the information referred to in the first subparagraph is replaced by new information pursuant to paragraph 3 during the 12-month period referred to therein, competent authorities, market operators and investment firms including investment firms operating a trading venue shall use that new information for the purposes of points (a) and (c) of Article 4(1) and paragraphs 2 and 4 of Article 14 of Regulation (EU) No 600/2014.

...

Article 17A

Transitional period for publication of transparency calculations

...

- (2) For the purposes of this Article, the term ‘transitional period’ has the same meaning as under Article ~~5(3A)~~ 14(6D) of Regulation 600/2014/EU.

...

...

Article 19 is deleted in its entirety and the deleted text is not shown.

Article 19

Transitional provisions [deleted]

In this Annex, underlining indicates new text, unless otherwise stated.

Annex D

**Commission Delegated Regulation (EU) 2017/588 of 14 July 2016
supplementing Directive 2014/65/EU of the European Parliament and of the
Council with regard to regulatory technical standards on the tick size regime for shares,
depository receipts and exchange traded funds**

Article 3A is deleted in its entirety and the deleted text is not shown.

...

Article 3A

Transitional period for publication of average daily number of transactions [deleted]

