



No.1

Handbook Notice

April 2013

Financial Conduct Authority



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This Handbook Notice introduces the Handbook and other material made by the Board under its legislative powers on 25 April 2013. It also contains information about other publications relating to the Handbook and, if appropriate, lists minor corrections made to previous instruments made by the Board.

Contact names for the individual modules are listed in the relevant Consultation Papers and Policy Statements referred to in this Notice.

General comments and queries on the Handbook can be addressed to:

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Email: saira.hussain@fca.org.uk

Melanie Purdie

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Email: mel.purdie@fca.org.uk

However, queries on specific requirements in the Handbook should be addressed first to your normal supervisory contact in the FCA. For most firms this will be the FCA's Customer Contact Centre:

Tel: 0845 606 9966

Fax: 020 7066 0991

Email: fcc@fca.org.uk

Post: Customer Contact Centre
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

1. Overview

Changes this month

- 1.1** On 25 April 2013, the FCA Board made changes to the FCA Handbook in five instruments which are listed in the table below.

CP	Title of instrument	Instrument No.	Changes effective
	Financial Conduct Authority Handbook Designation (Correction) Instrument 2013	2013/40	26/4/2013
	Handbook Administration Instrument (No 29) 2013	2013/41	1/5/2013
13/5	Training and Competence Sourcebook (Qualifications Amendments No 8) Instrument 2013	2013/42	26/4/2013
12/12	Conduct of Business Sourcebook (Platforms) (Amendment) Instrument 2013	2013/43	1/5/2013 (part) 6/4/2014 (part)
12/27	Listing Rules Sourcebook (Amendment No 9) Instrument 2013	2013/44	1/5/2013

Summary of changes

- 1.2** The legislative changes referred to above are listed and briefly described in Chapter 2 of this Notice.

Feedback on responses to consultations

- 1.3** Feedback to consultations are either set out in Chapter 3 of this Notice or published in separate policy statements.

Forthcoming FCA board meetings

- 1.4** The table below contains a list of forthcoming FCA board meetings for 2013. These dates are subject to change without prior notice.

June	Monday 3 June Thursday 27 June
July	Wednesday 25 July
August	No meeting
September	Thursday 26 September
October	No meeting
November	Tuesday 6 November
December	Thursday 12 December

2. Summary of changes

- 2.1** This chapter briefly describes FCA Handbook changes and changes outside the Handbook made by the Board on 25 April 2013. Where relevant, it also refers to the development stages of that material, enabling readers to look back at developmental documents if they wish. For information on changes made by the PRA please see www.bankofengland.co.uk/pr/Pages/publications/default.aspx

Financial Conduct Authority Handbook Designation (Correction) Instrument 2013 (FCA 2013/40)

- 2.2** The Board has made the following changes in the Handbook:

**BIPRU 7
PRIN 1
IPRU(INS) 1, 3 and 12
IPRU(FSOC) Annexes 1, 2, 3 and 5
FEES 6
COBS 4
SUP 2 and 12
COLL 4 and 5
BSOG 2
PR 2 and 3
DTR 1A
FC Part 1 and 2
PERG 8**

- 2.3** In summary, these changes correct the designations of isolated provisions within the chapters/sections listed above, arising from administrative errors where certain provisions were designated as 'neither' or omitted altogether, which means they did not appear in the FCA handbook. The content of the provisions is not changed.

- 2.4** This instrument comes into force on **26 April 2013**.

Handbook Administration (No 29) Instrument 2013 (FCA 2013/41)

- 2.5** The Board has made minor administrative changes to various modules of the FCA Handbook, as listed below. These correct or clarify existing provisions. They were not consulted on because they are regarded either as falling within the scope of previous consultations or as being so minor that they do not warrant consultation. None of these changes represents any alteration in FCA policy.

Glossary of definitions**COBS 5 and 7****ICOBS 3****MCOB 2 and 6****BCOBS 3****CASS 7****SUP 16****CONRED 2****LR Appendix 1****PERG 4 and 8**

2.6 In summary, the amendments made this month are to:

- change the definition of ‘regulated activity’ to insert two new regulated activities (the PRA will be making the same change shortly);
- make minor changes to various sourcebooks and PERG to make the references to ‘Firm Reference Number’ consistent;
- correct CASS 7.8.2R to insert a missing word;
- make minor clarificatory changes to the title headings of rows 4, 5 and 6 of Section K (Adviser charges) of the Retail Mediation Activities Return (RMAR) (SUP 16 Annex 18AR) and corresponding changes to the explanatory text in the Notes to the RMAR (SUP 16 Annex 18BG); these amendments do not change reporting obligations of firms which are required to submit Section K data, nor the data that they submit. We have also added a brief explanation of what rows 3 and 6 of Section K should total in the guidance in SUP 16 Annex 18BG;
- make a deletion in CONRED 2 Annex 11R of a single sentence; this sentence should not have been included in this letter because it is a redress determination explaining that the advice was suitable or unsuitable; this template letter should be used when a firm has carried out a review of the consumer’s case and should not be used if the firm has excluded the consumer from the scheme;
- change the LR definition of ‘sponsor service’ to bring this into line with the Glossary definition of this term;
- make changes to LR 18 in respect of depositary arrangements for global depositary receipts; and
- make minor corrections to two provisions within PERG.

2.7 This instrument comes into force on **1 May 2013**.

Training and Competence Sourcebook (Qualifications Amendments No 8) Instrument 2013 (FCA 2013/42)

2.8 Following consultation in CP13/5¹ the Board has made the following changes to the FCA Handbook:

TC Appendix 4

2.9 In summary these changes have been made to keep the appropriate qualification list up to date.

¹ CP13/5, *Quarterly consultation (No 35)* (February 2013).

- 2.10** This instrument comes into force on **26 April 2013**. Feedback on this consultation is set out in Chapter 3 of this Notice.

Conduct of Business Sourcebook (Platforms) (Amendment) Instrument 2013 (FCA 2013/43)

- 2.11** Following consultation in CP12/12² the Board has made the following changes to the Handbook:

**Glossary of definitions
COBS 6 and TP 2**

- 2.12** In summary, these changes require platforms (in both the advised and non-advised market) to be remunerated for their platform service through an explicit platform charge agreed with and payable by the consumer. This will prevent platforms from being funded by rebates from product providers.
- 2.13** We have corrected the definition of 'platform service'. Due to a typographical error, the definition 'platform service' did not accurately reflect the policy intention. The definition the activity of 'safeguarding and administering assets' was included within this definition, however, this should have read 'safeguarding and administering investments'. We are making the amendment now, in line with the fact that we reserve the right to correct or make clarificatory amendments to the instrument made by the board meeting, without further consultation and in addition (as permitted by section 138L (1) of the Financial Services and Markets Act 2000) because we believe that any further delay would be prejudicial to the interests of consumers. To ensure that there are no unintended consequences as a result of this correction, we will be consulting on the change in the next Quarterly Consultation Paper.
- 2.14** Part of this instrument comes into force on **1 May 2013** and part on **6 April 2014**. Feedback on this consultation was published by the FCA in a policy statement.

Listing Rules Sourcebook (Amendment No 9) Instrument 2013 (FCA 2013/44)

- 2.15** Following consultation in CP12/27, the Board has made the following changes to the Handbook:

LR 8 and 18

- 2.16** In summary, these changes make amendments to the Listing Rules (LR) for depositaries issuing global depositary receipts (GDRs) and the appointment of a sponsor for the submission of supplementary circulars.
- 2.17** This instrument comes into force on **1 May 2013**. Feedback on this consultation is set out in Chapter 3 of this Notice.

Changes to forms

- 2.18** Under section 242 of the Financial Services and Markets Act 2000 (FSMA) and regulation 12 of the Open-Ended Investment Companies Regulations 2001 (the OEIC Regulations) the FCA is required to authorise certain types of unit trust (authorised unit trusts (AUT)) and open-ended investment

² CP12/12, *Payments to platform service providers and cash rebates from providers to consumers* (June 2012).

companies (OEIC) before they can be marketed to the public. We are also obliged to approve³ proposed amendments to AUTs and OEICs under section 251 of FSMA and regulation 21.

- 2.19** To enable us to fulfil these obligations, we use a series of forms which correspond to the relevant requirement. However, the current forms have been in use for several years without any significant change, thus prompting a review.
- 2.20** As a result of that review, we have amended the forms to incorporate sections covering the information regularly requested once an application has been made. Although all circumstances cannot be predicted the forms will enable us to progress with applications more efficiently, provided the information requested in the relevant form is supplied. Firms should note that these forms do not guarantee that further information will not be requested and that failure to provide the requested information will delay the authorisation of new schemes or the approval for alterations.
- 2.21** These changes were referred to by HM Treasury in the 2013 Budget document entitled 'The UK investment management strategy' which indicated that we are seeking to make the application process as smooth as possible.
- 2.22** In particular notification forms 251 and 21 have been significantly amended to reflect the majority of alterations requested by firms with sections covering the addition of new sub-funds, terminations of sub-funds or the wind-up of schemes, new share classes, performance fees and the replacement of the authorised fund manager or the depositary. We are also asking the depositary to countersign the notification.
- 2.23** As no new information is being sought, and the forms do not fall under the classification of rules or guidance, we have not been required to consult on the changes. While the forms will not be effective until 1 June 2013 they will be available on the Handbook website from May 2013 and we welcome any comments that stakeholders may have prior to their implementation.
- 2.24** As no new requirements are being imposed or new information sought, a cost benefit analysis is not required as there is deemed to be no impact on either firms or the FCA.
- 2.25** Firms should ensure that, to be accepted, all applications sent on or after 1 June 2013 are submitted on the updated forms.

³ It should be noted that the term "approve" relates to the compliance of the amendment with any relevant restriction in the Handbook, FSMA or the OEIC regs and not to any endorsement on our part of the investment objectives, policies, performance targets, marketing material or any other aspect of the scheme not regulated by the Handbook.

3.

Consultation feedback

- 3.1** This chapter provides feedback on consultations that do not have a separate policy statement published by the FCA.

CP12/27, Quarterly consultation (No 34)

Listing Rules Sourcebook (Amendment No 9) Instrument 2013 (FCA 2013/44)

Background

- 3.2** In CP12/27, we proposed amendments to Chapter 8 of the Listing Rules sourcebook (LR) regarding the appointment of a sponsor for the submission of supplementary prospectuses, and to LR 18, regarding global depositary receipts (GDRs).

Feedback and our response

- 3.3** We received one response, supporting our proposals in relation to GDRs. So, we are proceeding to make the rules as proposed in the consultation.
- 3.4** In relation to sponsors, the old listing rules did not require an issuer to appoint a sponsor when it was required to submit a supplementary prospectus or supplementary listing particulars for the admission of equity shares to the Official List, although it was current practice. We amended the relevant listing rules to make that a requirement, codifying current practice and clarifying the requirements of the listing rules in this respect.
- 3.5** In relation to GDRs, the listing rules require that a depositary that issued GDRs had to be a suitably authorised institution acceptable to the FCA. In practice, GDR issuers, who will almost always be non-UK issuers, tend not to use UK depositaries. This made enforcement of the rule problematic. In addition, the listing rules required that a depositary must hold rights and monies relating to the shares on trust or under equivalent arrangements for the benefit of GDR holders. It became apparent that depositaries generally did not hold cash in a manner that would protect it in the event that the depositary failed. As such we have amended the relevant listing rules to remove the rule requiring that a depositary must be a suitably authorised institution, and to specify that depositaries must have adequate arrangements in place to safeguard GDR holders' rights.

Cost benefit analysis and compatibility statement

- 3.6** We stated in CP12/27 that we did not envisage that these changes would lead to a cost increase of more than minimal significance. We did not receive any comments on this, which remains our view. The compatibility statement also remains as published in CP12/27.

Equality and diversity issues

- 3.7** We continue to believe that these changes do not give rise to discrimination and are of low relevance on the equality agenda. We received no comments during consultation on any equality issues that respondents could foresee.
- 3.8** The changes made by this instrument are listed in Chapter 2 of this Notice.

CP13/5, Quarterly consultation (No 35)

Training and Competence Sourcebook (Qualifications Amendments No 8) Instrument 2013 (FCA 2013/42)***Background***

- 3.9** Our Training and Competence (TC) sourcebook sets out the qualification requirements for individuals carrying out certain retail activities. We previously said that we would consult for one month each time a new qualification was added, removed or other changes were made to the list of appropriate qualifications.

Proposals and feedback

- 3.10** In CP13/5 we proposed to add three new appropriate qualifications list to the appropriate qualification tables in TC Appendix 4E of the Handbook.
- 3.11** We did not receive any responses to our proposals. Therefore, we will amend the appropriate qualifications list as proposed.

Cost benefit analysis and compatibility statement

- 3.12** CP13/5 contained a cost benefit analysis explaining that the proposal does not incur any costs as it simply updates the appropriate qualifications list. The effect of these changes on the cost benefit analysis and the compatibility statement remain as published in the CP. We did not receive any comments in relation to this.

Equality and diversity issues

- 3.13** We continue to believe that these changes do not give rise to discrimination and are of low relevance on the equality agenda. We received no comments during consultation on any equality issues that respondents could foresee.
- 3.14** The changes made by this instrument are listed and described in paragraphs Chapter 2 of this Notice.

4.

Additional information

Making corrections

- 4.1** The FCA reserves the right to make correctional or clarificatory amendments to the instruments made at the Board meeting without further consultation should this prove necessary or desirable.

Publication of Handbook material

- 4.2** This Notice is published on the FCA website and is available in hardcopy.
- 4.3** The formal legal instruments (which contain details of the changes) can be found on the Handbook website listed by date and reference number at <http://fshandbook.info/FS/InstrumentsByDate.jsp> or listed by module at <http://fshandbook.info/FS/InstrumentsByModule.jsp>. The definitive version of the Handbook at any time is the version contained in the legal instruments.
- 4.4** The changes to the Handbook are incorporated in the consolidated Handbook text on the website as soon as practicable after the legal instruments are published.
- 4.5** The consolidated text of the Handbook can be found on the Handbook website at <http://fshandbook.info>.
- 4.6** Copies of the FCA's consultation papers referred to in this Notice are available on the FCA's website (www.fca.org.uk) or on request in hardcopy form.

Obligation to publish feedback

- 4.7** This Notice, and the feedback to which paragraph 1.3 refers, fulfil for the relevant text made by the Board the obligations in sections 138I(4) and (5) and similar sections of the Financial Services and Markets Act 2000 ('the Act'). These obligations are to publish an account of representations received in response to consultation, and the FCA's response to them; and to publish (where applicable) details of any significant differences between the provisions consulted on and the provisions made by the Board, with a cost-benefit analysis and a statement under s138K(4) of the Act if a proposed altered rule applies to authorised persons which include mutual societies.

Comments

- 4.8** We always welcome feedback on the way we present information in the Handbook Notice. If you have any suggestions, they should be sent to Saira Hussain or Melanie Purdie (see contact details at the front of this Notice).

Financial Conduct Authority



PUB REF: 003231

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