

Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal: Handbook Notice 28 - Supervision Manual (Amendment No 21) Instrument 2015 (RMA-C changes only)

Lead regulator: FCA

Date of assessment: 12 October 2016

Commencement date: 31 March 2016

Origin: Domestic

Does this include implementation of a Cutting Red Tape review? No

Which areas of the UK will be affected? Authorised firms undertaking insurance mediation activities in the UK

Brief outline of proposed new or amended regulatory activity

General insurance intermediaries submit their client money holdings to the FCA through a return (**RMA-C**). In Handbook Notice 28, we published final changes to the RMA-C to obtain more accurate and useful data on client money holdings. These changes involved deleting and introducing new fields to align the return to the client money rules (**CASS**). The changes did not require firms to gather any new information, rather to provide data that they already held in-house relating to the existing CASS rules. The changes were consulted on in the FCA Consultation Paper 15/28 and came into force on 31 March 2016.

Which type of business will be affected? How many are estimated to be affected?

The changes affected UK-authorized firms holding client money in connection with insurance mediation activities. We understand that there are approximately 1,500 of such firms.

Price base year	Implementation date	Duration of policy (years)	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2015	31 March 2016	10	0	0	0

Please set out the impact to business clearly with a breakdown of costs and benefits

The changes to the RMA-C involved the following:

- removing 3 questions relating to retail investments/mortgages - we considered data in relation to these activities was already obtained through other returns submitted to the FCA (such as the Client Money and Asset Return);
- amending 10 existing questions to make these better aligned to the CASS rules; and
- adding 5 new questions relating to the CASS audit report.

During consultation we considered the above changes and whether these could provide cost savings (in terms of reducing the reporting burden for fields that were deleted) and impose potential costs (in terms of introducing new or amending existing fields) on firms. These costs and benefits could have comprised one-off elements (e.g. familiarisation or altering data collection systems).

However, the changes did not require firms to gather any information they did not already hold. As any amended and new questions in the return were now aligned to the CASS rules, firms already held the data required in-house. We also determined that there would be no material on-going costs as firms already needed to have dedicated resource to submit the RMA-C prior to the changes and additional resource would not be required for the minimally revised data fields. The cost-benefit analysis in CP 15/28 therefore concluded that the changes would be of minimal significance. This analysis was not challenged by any respondents during consultation or following publication of the final rules.

For the purposes of this impact assessment, we therefore consider any incremental compliance costs and cost savings on firms to be zero (i.e. below £100k in aggregate).

Please provide any additional information (if required) that may assist the RPC to validate the BIT Score.

N/A