

Quarterly consultation

No.4

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The Financial Conduct Authority invites comments on this Consultation Paper. Comments on Chapter 5 should reach us by 4 April 2014 and on all remaining chapters by 6 May 2014.

Comments may be sent by electronic submission using the form on the FCA's website at www.fca.org.uk/your-fca/documents/consultation-papers/cp14-04-response-form or by email to cp14-04@fca.org.uk.

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It is the FCA's policy to make all responses to formal consultation available for public inspection unless the respondent requests otherwise. A standard confidentiality statement in an email message will not be regarded as a request for non-disclosure.

A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.

You can download this Consultation Paper from our website: www.fca.org.uk. Or contact our order line for paper copies: 0845 608 2372.

Abbreviations used in this paper

| | |
|------------------|---|
| AIF | alternative investment fund |
| AIFM | alternative investment fund manager |
| AIFMD | Alternative Investment Fund Managers Directive 2011/61/EU |
| BIPRU | Prudential sourcebook for Banks, Building Societies and Investment Firms |
| CBA | cost benefit analysis |
| COLL | Collective Investment Schemes sourcebook |
| CP | consultation paper |
| CRD IV | Capital Requirements Directive IV 2013/36/EU and Regulation (EU) 575/2013 |
| EBR | expenditure based requirement |
| EEA | European Economic Area |
| ESMA | European Securities and Markets Authority |
| EU | European Union |
| EuSEF | European Social Entrepreneurship Fund |
| EuVECA | European Venture Capital Fund |
| FCA | Financial Conduct Authority |
| FPC | Financial Policy Committee |
| FSMA | Financial Services and Markets Act 2000 |
| FUND | Investment Funds sourcebook |
| GENPRU | General Prudential sourcebook |
| IFPRU | Prudential sourcebook for Investment Firms |
| IPRU(INV) | Interim Prudential sourcebook for Investment Businesses |
| MMR | Mortgage Market Review |

| | |
|------------------------|--|
| PERG | Perimeter Guidance manual |
| PS | policy statement |
| PSD | Product Sales Data |
| SUP | Supervision manual |
| SYSC | Senior Management Arrangements, Systems and Controls sourcebook |
| UCITS | undertakings for collective investment in transferable securities |
| UCITS Directive | Undertakings for Collective Investment in Transferable Securities Directive 2009/65/EC |

1. Overview

| Chapter No | Proposed changes to Handbook | Consultation Closing Period |
|-------------------|---|------------------------------------|
| 2 | Minor changes to the Handbook impacting AIFMs, UCITS managers and certain AIF depositaries | 6 May 2014 |
| 3 | Minor changes to the complaints data reporting form and updating guidance | 6 May 2014 |
| 4 | Clarify the scope of mortgage Product Sales Data performance data reporting for firms who own regulated mortgage contracts but who do not have the 'entering into' permission | 6 May 2014 |
| 5 | Amend the Handbook to implement the Financial Policy Committee's recommendation on interest rate stress tests for mortgages | 4 April 2014 |

2. Changes to the Handbook impacting AIFMs, UCITS managers and certain AIF depositaries

Introduction

- 2.1** The Alternative Investment Fund Managers Directive (AIFMD) was transposed in the UK on 22 July 2013 but firms can take advantage of a one-year transitional period before it applies to them.
- 2.2** To implement the AIFMD, we amended existing sourcebooks in the Handbook as well as created a new sourcebook (Investment Funds sourcebook (FUND)) which contains many of the AIFMD rules and guidance. Some sections of the Handbook were deferred for future consultation.
- 2.3** Following our implementation of the AIFMD, a number of European Union (EU) documents have been published that affect alternative investment fund managers (AIFMs). We propose adding references to these items in the Handbook so that it is easier for firms to see which rules might affect them. The European Securities and Markets Authority (ESMA) has published both the Guidelines on key concepts of the AIFMD¹ (ESMA AIFMD key concepts guidelines) and the Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD² (ESMA AIFMD reporting guidelines). Additionally, the European Commission has adopted a delegated regulation based on ESMA's draft Regulatory Technical Standards on types of AIFMs.³
- 2.4** We are also consulting on the implementation of new obligations of AIFMs and undertakings for collective investment in transferable securities (UCITS) managers relating to the use of credit ratings. This will satisfy implementation requirements under Directive 2013/14/EU⁴ that is part of the EU legislative package for regulating credit rating agencies.
- 2.5** This consultation also seeks to amend a number of provisions in the Handbook related to AIFMD where our rules and guidance were not sufficiently clear. We are also reviewing the forms that firms use to send us notifications as required under the Directive.
- 2.6** We have clarified our requirements on some issues in response to a number of queries from firms going through the authorisation process.
- 2.7** This chapter will be of interest to small registered UK AIFMs, small authorised UK AIFMs, full-scope UK AIFMs, non-European Economic Area (EEA) AIFMs marketing funds in the UK, alternative investment fund (AIF) depositaries providing services to non-EEA AIFs, UCITS management companies and their advisors and service providers.

¹ www.esma.europa.eu/system/files/2013-611_guidelines_on_key_concepts_of_the_aifmd_-_en.pdf

² Final revised report: www.esma.europa.eu/system/files/2013-1339_final_report_on_esma_guidelines_on_aifmd_reporting_for_publication_revised.pdf

³ http://ec.europa.eu/internal_market/investment/docs/alternative_investments/131217_delegated-regulation_en.pdf

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:145:0001:0003:EN:PDF>

- 2.8** The proposed amendments, and the statutory powers they will be made under, are set out in Appendix 2.

Summary of proposals

Incorporation of the ESMA AIFMD key concepts guidelines, the ESMA AIFMD reporting guidelines and delegated regulation

- 2.9** The AIFMD required ESMA to develop draft regulatory technical standards to determine the types of AIFMs and to ensure uniform conditions of application of the Directive.⁵ The technical standards will take the form of a directly-applicable EU regulation when they come into force. We propose adding guidance to FUND 1.3.9G to explain their effect and adding a link to the relevant regulation.
- 2.10** As part of the work to develop these standards, ESMA also drafted the ESMA AIFMD key concepts guidelines that came into force on 13 October 2013. The UK has informed ESMA that it will comply in full with these guidelines.
- 2.11** The ESMA AIFMD key concepts guidelines contain further details on the characteristics of AIFs. Reference to these provisions has already been included in the Perimeter Guidance manual (PERG) and the Glossary as part of our AIFMD implementation⁶ but we propose updating the Glossary definition to refer to the final version of the guidelines.
- 2.12** The AIFMD and the AIFMD Level 2 Regulation⁷ provided details on the reporting obligations to national competent authorities.⁸ In addition, ESMA developed guidelines on reporting obligations to encourage standardisation. On 1 October 2013, ESMA published its final report⁹ along with additional IT guidance, a reporting template and an ESMA opinion on additional data reporting for the monitoring of systemic risk. The opinion provides details of a set of additional information that national regulators could require AIFMs to report on a periodic basis. Such additional information includes risk-mitigation measures and portfolio information on non-EU master AIFs not marketed in the EU. We are currently reviewing the guidelines and have indicated to AIFMs that they should apply the reporting template to fulfil their reporting obligations.
- 2.13** In line with our approach to other guidelines published by ESMA, we propose including links to these guidelines and the delegated regulation in FUND 3.4.6AR, 3.4.6BG, 3.4.8G and SUP 16.18.11G. AIFMs authorised in the UK and those marketing funds in the UK will need to have regard to any additional requirements placed on them, over and above the existing rules in the Handbook.

Q2.1: Do you agree with our proposed addition of links in the Handbook to the ESMA guidelines and delegated regulation?

⁵ Article 4(4) AIFMD

⁶ See Glossary definition of 'ESMA AIFMD key concepts guidelines' and PERG 16, Question 1.3

⁷ Commission delegated regulation (EU) No 231/2013 supplementing Directive 2011/16/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:083:0001:0095:EN:PDF>

⁸ Articles 3, 24 AIFMD, and Articles 110-111 and Annex IV, AIFMD level 2 regulation

⁹ This final report was revised on 15 November 2013

Guidance on AIFMD Reporting

- 2.14** The AIFMD contains extensive requirements for the reporting of AIFM and AIF data to the Financial Conduct Authority (FCA).¹⁰ Some of the requirements will involve firms collecting new data regarding AIF portfolios and performing new calculations on such data. As noted above, ESMA has finalised guidelines on AIFMD reporting which provides firms with additional guidance.
- 2.15** We have received many queries from stakeholders on AIFMD reporting. We are consulting on guidance in FUND 10.5.11AG to provide additional guidance to non-EEA AIFMs that is not addressed elsewhere.
- 2.16** In the proposed guidance, we have explained our views on the requirements for non-EEA AIFMs who are privately placing their funds into the UK under Article 42 of the AIFMD and to whom some of the concepts in the Directive are not directly relevant.

Q2.2: Do you agree with our proposed guidance on AIFMD reporting requirements?

New rule for AIFMs and UCITS managers on risk management systems related to credit ratings

- 2.17** Directive 2013/14/EU amends the UCITS Directive and the AIFMD by adding new requirements to the duties of UCITS managers and AIFMs related to credit ratings. This Directive requires that AIFMs and UCITS managers, as part of their risk management processes, should not solely or mechanically rely on credit ratings issued by credit rating agencies as defined in Regulation (EC) No 1060/2009.¹¹
- 2.18** We propose transposing these requirements in COLL 6.12.3R for UCITS managers and FUND 3.7.5R for AIFMs. We intend to bring these provisions into force by 21 December 2014 when these requirements must be implemented in the UK.

Q2.3: Do you agree with how we propose to transpose these risk management requirements for AIFMs and UCITS managers?

Changes to the valuation of AIF portfolios affecting prudential requirements

- 2.19** The AIFMD requires firms to hold specified minimum amounts of capital. A portion of this capital requirement, described in the Directive as additional own funds, depends on the value of portfolios of AIFs managed by the AIFM.¹² The Directive is silent on the exact method by which the value of portfolios of AIFs should be calculated. We use a calculation method based on Article 10 of the AIFMD Level 2 Regulation which refers to the notional value of derivatives.
- 2.20** After further consideration, our view is that this calculation method results in an inappropriate outcome for AIFMs managing AIFs whose portfolios include large amounts of derivatives, especially interest-rate derivatives. This is because the method may substantially increase the value attributed to the AIFM's portfolios compared to the market value, so requiring the AIFM to hold a proportionately greater amount of additional own funds.

¹⁰ See generally Article 24 AIFMD and Annex IV AIFMD Level 2 Regulation

¹¹ Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (http://www.esma.europa.eu/system/files/L_302_1.pdf) as amended by Regulation (EU) No 462/2013 of the European Parliament and of the Council of 21 May 2013 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:146:0001:0033:EN:PDF>

¹² See IPRU(INV) 11.3.2

- 2.21** We now propose changing the calculation method to align it with that for the additional own funds required to cover professional liability risks, as specified in Article 14(2) of the AIFMD Level 2 Regulation. We would make the change by amending the definition of ‘funds under management’ in the Glossary. This method values derivatives at their market value and will not use the notional value of the derivatives within an AIF’s portfolio.
- 2.22** The proposed method will change the additional own funds requirement currently applied to some AIFMs using derivative strategies. We have not used the notional value of derivatives in the past to calculate capital requirements. Those AIFMs affected do not perform substantially different activities compared with other AIFMs or similar authorised persons such as UCITS managers. On this basis we have already approved a modification by consent of the meaning of funds under management in IPRU(INV) 11.¹³

Q2.4: Do you agree with our proposed amendment to the funds under management definition that will affect the capital calculations of AIFMs managing AIF portfolios that include derivatives?

Clarification to requirements governing Article 36 custodians

- 2.23** We propose clarifying the capital requirement for UK firms acting as custodians for non-EEA AIFs that are managed by UK AIFMs where the AIF is marketed by private placement in the EEA (an ‘Article 36 custodian’). Chapter 5 of IPRU(INV) prescribes that such firms must have capital of at least EUR125,000. However, MiFID-scope firms that provide this service are not subject to this amount as they are instead subject to IFPRU or GENPRU/BIPRU where the capital requirement can be as low as EUR50,000.
- 2.24** Therefore, to reinforce the policy intention, we propose extending our minimum capital requirement of EUR125,000 to all types of firms performing these custody services by introducing an extra provision in FUND 3.11.33R(1)(a).
- 2.25** We also propose clarifying that a branch of a UK firm may act as an Article 36 custodian subject to the same requirements as other firms performing similar functions. Additionally, we propose clarifying the custody requirements in FUND 3.11 for a UK AIF/EEA AIF that is a feeder AIF where the master AIF is a non-EEA AIF or is managed by a non-EEA AIFM. In such cases, the feeder AIF would require an Article 36 custodian.

Q2.5: Do you agree with our proposed amendments to the requirements for Article 36 custodians?

Changes to AIFMD remuneration requirements

- 2.26** We propose making two amendments to the remuneration requirements in SYSC 19B.1.15R and FUND 3.3.5R(6) and adding a guidance provision in SYSC 19C.1.1AG.
- 2.27** Our current AIFM remuneration code (SYSC 19B) includes a requirement to set appropriate ratios between the fixed and variable components of total remuneration.¹⁴ This requirement is not included in the AIFMD so we propose deleting it to avoid super-equivalence.
- 2.28** The AIFMD additionally requires a number of items be disclosed in the annual report of an AIF, including information on the remuneration of the AIFM’s staff. We transposed the requirement in FUND 3.3.5R using a defined term ‘AIFM Remuneration Code staff’. As a result of the ESMA

¹³ See www.fca.org.uk/firms/being-regulated/waiver/waiver-by-consent/ipru-inv-11

¹⁴ SYSC 19B.1.15R

Guidelines on AIFMD remuneration, the meaning of this defined term has been enlarged to include the relevant staff of certain delegates.¹⁵ Therefore, we propose re-aligning this rule with the Directive.

- 2.29** Following transposition of the AIFMD, as a result of the implementation of Capital Requirements Directive IV 2013/36/EU and Regulation (EU) 575/2013 (CRD IV), we have introduced an additional remuneration code to the Handbook (SYSC 19C). SYSC 19C may also apply to AIFMs that perform investment business but do not safeguard or hold client assets. For these AIFMs, both remuneration codes contained in SYSC 19B and SYSC 19C would be applicable.
- 2.30** Stakeholders have consistently identified this type of overlap as an area of concern because of the likelihood of increased administrative burdens and the difficulties of adopting a group-wide policy that complies with multiple regimes. However, it is our view that the application of the AIFM remuneration code should satisfy compliance with SYSC 19C insofar as the AIFMD provisions are deemed to be equivalent. We are consulting on a guidance provision in SYSC 19C.1.1AG to clarify this.

Q2.6: Do you agree with our proposed changes to AIFM remuneration requirements?

AIFMD notification forms

- 2.31** The AIFMD requires AIFMs to notify us of certain events that have either already occurred or are planned by the AIFM. In some cases, we are required to approve, reject or impose restrictions to planned changes. We are consulting on forms associated with the following events:
- the intention to provide or amend cross-border services in another EEA state (with respect to marketing an AIF), in SUP 13 Annex 8BR, or to market an AIF in the UK, in FUND 3 Annex 1D. We propose combining domestic and cross-border marketing in the same form and also allowing this form to be used for the notification of material changes to both domestic and cross-border marketing;
 - the intention of an AIFM to establish a new fund, or take over management of an existing fund from another entity (other than for European Social Entrepreneurship Fund(s) (EuSEF) or European Venture Capital Fund(s) (EuVECA) managers), in SUP 15 Annex 6AR;
 - changes to senior personnel of full-scope UK AIFMs that are internally managed corporate AIFs, and EuSEF and EuVECA managers, in SUP 15 Annex 6BR;
 - material changes to a full-scope UK AIFM in SUP 15 Annex 6CR. For the purpose of this form, a change is deemed as material if there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF. Such information could impact an investor's ability to exercise its rights in relation to its investment or otherwise prejudice the interests of one or more investors in the AIF. This form should also be used to notify us of material changes to risk management policies and procedures (see FUND 3.7.5AG) and of material changes in relation to the appointment of external valuers (see FUND 3.9.11R);
 - the assets under management of small UK AIFMs have exceeded the threshold, in SUP 15 Annex 6DR;

¹⁵ See definition of 'identified staff' in the ESMA Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232): http://www.esma.europa.eu/system/files/2013-232_AIFMD_guidelines_on_remuneration_-_en.pdf

- small registered UK AIFMs cease to meet the conditions for registration, in SUP 15 Annex 6ED;
- new funds have been established or a marketing passport should be changed that relates to an EuSEF or EuVECA manager, in SUP 15 Annex 6FG; and
- delegation or sub-delegation by an AIFM in FUND 3 Annex 2R. This form should also be used to apply to us for approval of delegation of risk management or portfolio management, where necessary (where the delegate is not authorised or registered for the purpose of asset management and subject to supervision).

Q2.7: Do you have any comments on our proposed forms?

Additional changes

2.32 We have made the following changes either to clarify or complete certain sections in the Handbook that were left blank at the time of AIFMD implementation. In brief, we are adding or amending the following provisions:

- in FUND Appendix 1, setting out how the FCA will deal with written notices;
- a requirement in SUP 15.3.29R for small authorised UK AIFMs to inform us of new AIFs (using the form set out in SUP 15 Annex 6AR) so as to receive identification codes for AIF reporting purposes;
- guidance in SUP 15.3.31G for EuSEF and EuVECA managers on requirements to inform us of changes to marketing passports, or changes to senior personnel; and
- certain cross-reference updates to prudential sourcebooks as a result of CRD IV implementation.

Q2.8: Do you agree with these proposed additional changes?

Cost benefit analysis

2.33 Section 138I(2)(a) of 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 states that section 138I(2)(a) does not apply where we consider that there will be no increase in costs or the increase will be of minimal significance.

2.34 CP12/32¹⁶, CP13/9¹⁷ and PS13/5¹⁸ contained cost benefit analyses relating to the implementation of AIFMD itself, with feedback on the responses provided in PS13/5. Several changes outlined in this consultation are consequential amendments to the FCA Handbook arising from the implementation of the AIFMD and providing clearer additional information to firms such as AIFMD reporting guidance or forms to manage the Directive's various notification requirements. In our view, most of these changes do not add any significant costs or benefits other than those previously outlined in those two consultation papers and the policy statement. The following changes are expected to impose no costs or costs of minimal significance:

¹⁶ CP12/32 *Implementation of the Alternative Investment Fund Managers Directive – Part 1* (November 2012)

¹⁷ CP13/9 *Implementation of the Alternative Investment Fund Managers Directive – Part 2* (March 2013)

¹⁸ PS13/5 *Implementation of the Alternative Investment Fund Managers Directive* (June 2013)

- aligning certain remuneration rules more closely with the Directive text as noted above. These changes will slightly reduce the compliance burden on firms and are unlikely to have a significant impact to firms;
- adding a new rule requiring small authorised AIFMs to notify us of new AIFs. These requirements will assist us with our planning and systems for AIF reporting. We do not expect firms to implement system changes. We note there will be incremental compliance costs to firms required to notify us of new AIFs that they are managing. However, we expect these costs will be of minimal significance;
- amending the ‘funds under management’ definition in the Glossary. This will decrease the amount of capital required for some AIFMs managing AIF portfolios with derivatives. However, the minimum requirement based on a firm’s fixed overheads or expenditure based requirement (EBR)¹⁹ will remain to provide protection to investors and protect market integrity. This may decrease the costs of capital for these firms. We believe that this change is proportionate and in line with the definition applied in the AIFMD Level 2 Regulation for computing the additional capital for professional negligence, which is a similar requirement; and
- clarifying the minimum capital rule for a custodian of a non-EEA AIF (Article 36 custodian) is unlikely to increase capital requirements for firms. There are no existing firms in this category and we do not expect that the one relevant firm in the process of being authorised will need to increase its capital to meet this new requirement. The other clarifications with respect to these firms are not likely to impose significant costs.

2.35 Implementing Directive 2013/14/EU requires changes to risk management systems for AIFMs and UCITS managers. In line with the Directive’s impact assessment, we note that that these new rules are likely to result in additional costs to AIFMs and UCITS managers that are required to enhance internal risk management and use of internal rating models for regulatory purposes. The main benefits from the Directive’s legislative package on credit rating agencies are likely to be a reduction of the risks to financial stability and restoring the confidence of investors and other market participants in financial markets and ratings quality. In particular, these rules may diminish the impact of ‘cliff effects’²⁰ on financial institutions and markets by reducing reliance on external ratings.

Q2.9: Do you have any comments on our cost benefit analysis?

Compatibility statement

2.36 We believe that our proposals primarily meet our integrity objective as well as our consumer protection and competition objectives. We have also taken into consideration the principles of good regulation when preparing this consultation.

Integrity objective

2.37 This objective requires us to protect and enhance the integrity of the UK financial system. Our proposals seek to reduce the risk of market disruption and improve the efficiency of the markets.

¹⁹ The EBR is defined as a quarter of a firm’s annual fixed overheads that the current rules in IPRU (INV) Chapter 11 specify as a minimum requirement, if greater than the amount calculated based on the value of AIF portfolios

²⁰ ‘Cliff effects’ are sudden actions that are triggered by a rating downgrade under a specific threshold, where downgrading a single security can have a disproportionate cascading effect

2.38 We consult on several prudential issues that take into account the risk of firm failures. With respect to the transposition of Directive 2013/14/EU, the main objective is a reduction of the risks to financial stability and restoring the confidence of investors and other market participants in financial markets and ratings quality.

Consumer protection objective

2.39 This objective requires us to secure an appropriate degree of protection for consumers. While we do not expect these policies to have material effects on consumers, we have taken into account consumer protection in analysing the issues to the extent relevant.

Competition objective

2.40 Our competition objective requires us, in so far as it is compatible with our other objectives, to promote competition in the interest of consumers. We believe that the competition impact of these policies is likely to be minimal.

Mutual societies

2.41 Our proposals refer to firms in the investment sector affected by the AIFMD or UCITS Directives and do not refer to mutual societies. Therefore, we do not believe that the changes described in this chapter will have a different impact on mutual societies compared to other authorised persons.

Equality and diversity

2.42 We have previously assessed the possible impacts of the implementation of the AIFMD and UCITS Directives on equality and diversity. We are confident that they do not give rise to any concerns but we would welcome your comments on these new proposals affecting AIFMs, UCITS managers and certain AIF depositaries.

3.

Updating the complaints data reporting form and guidance

Introduction

- 3.1** Our complaints handling rules require firms to provide us with information on the number of complaints they receive. Firms are also required to publish either a 'complaints data summary' or the total number of complaints they receive, if above a specified number in a relevant reporting period.²¹ The two sets of data must be consistent.
- 3.2** As part of our commitment to transparency, we also publish the complaints data reported by firms. We consolidate this information to encompass the financial services industry as a whole. This information is then broken down by product, type of firm and the nature of the complaint. In addition, we publish firm-level complaints data where a firm is required to publish a complaints data summary or the total number of complaints. The firm-level complaints data covers the number of complaints opened and closed by firms in a six-month period, the proportion of complaints closed within eight weeks and the proportion upheld in favour of the consumer.
- 3.3** We believe this information will assist firms in comparing their performance against their peers and will provide consumers with an additional source of information about firms. We publish a report after the data has been made public by the firms.²² Where firms are required to publish a summary of their complaints data, the current rules require them, amongst other things, to confirm to us in writing that their published complaints data summary accurately reflects the complaints data reported to us. Firms are likely to be in breach of our rules if they fail to confirm or do not confirm correctly.
- 3.4** This chapter will be of particular interest to firms that are required to publish a 'complaints data summary'. It will also be of interest to consumers who use the complaints data as an additional source of information about the firms we regulate.
- 3.5** The proposed amendments, and the statutory powers they will be made under, are set out in Appendix 3.

²¹ See DISP 1.10, DISP 1.10A, DISP 1.11 and SUP 16.12

²² The Financial Services and Markets Act 2000 restricts the information that we can disclose. In particular, we are prohibited from disclosing information which relates to the business or affairs of a firm and which was received by us for the purposes of, or in the discharge of, our functions under the Act. However, we are able to disclose such information either where it has already been made available to the public or the person to whom the information relates has given consent

Summary of proposals

- 3.6** We propose reminding firms, in the complaints return form (DISP 1 Annex 1R), that the data summary they are required to publish must accurately reflect the data that has been reported to us. We also propose asking firms whether they consent to us publishing the data submitted to us, thereby permitting us to report data without cross-checking against the data the firm itself has published. If a firm does not provide consent, we will publish the data after the firm has published the complaints data summary and has provided us with written confirmation that it has done so as required by our rules.
- 3.7** Consent is not requested from firms that do not complete the complaints return form. Examples include firms with limited permission and the Society of Lloyds.²³ These firms are asked to confirm that their published complaints data summary accurately reflects the information submitted to us.
- 3.8** We also propose adding guidance to DISP 1.10A and 1.11.
- 3.9** These changes will provide further clarity to firms and will enable us to focus our resources more efficiently.

Q3.1: Do you have any comments on the proposed updates to the complaints data return form and guidance?

Cost benefit analysis

- 3.10** Section 138I of the 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 cause an increase in costs of minimal significance.
- 3.11** The proposed changes will remind firms of their obligations and do not impose incremental compliance costs on firms. Firms are only asked to confirm whether or not they consent to the data being published by choosing the appropriate response on the form. Firms are already required to ensure that the published complaints data summary accurately reflects the reported data. The majority of firms comply with the requirement to make the two sets of data consistent. Where firms are not currently reporting and publishing consistent data, it should not be costly for them to do so.
- 3.12** In relation to firms that consent to the reported data being published, this proposed change means we would no longer need to check whether the data is inconsistent, potentially reducing our costs.

Compatibility statement

- 3.13** Section 1B of FSMA requires the Financial Conduct Authority (FCA), when discharging its general functions, so far as is reasonably possible, to act in a way that is compatible with

²³ Some firms with limited permissions are not required to complete the complaints return form (DISP 1 Annex 1R), as set out in DISP 1.10.1R. The requirements for the Society of Lloyds are set out in DISP 1.11

its strategic objectives and advances one or more of its operational objectives. The FCA also needs, so far as is compatible with acting in a way that advances the consumer protection objective or the integrity objective, to carry out its general functions in a way that promotes effective competition in the interests of consumers.

- 3.14** We believe that complaints information furthers the FCA's consumer protection objective as it improves consumer awareness and allows firms to compare their performance against their peers which may provide them with an additional incentive to treat customers fairly.
- 3.15** Also, in developing this proposed change we have had regard to the regulatory principles. In particular:
- the need to use the resources of the regulator in the most efficient and economical way. For example, we expect it will reduce FCA resources in monitoring websites; and
 - the need to ensure the burden or restriction is proportionate to the benefits. Proposed updates should not impose incremental compliance costs on firms.
- 3.16** The proposed changes are not expected to have a significantly different impact on mutual societies.

Equality and diversity

- 3.17** We have previously assessed the possible impacts of the proposals discussed in this chapter on equality and diversity. We are confident that they do not give rise to any concerns but would welcome your comments.

4.

Clarifying the scope of Mortgage Product Sales Data

Introduction

- 4.1** In December 2013, we published PS13/12²⁴ which set out the final rules for our new mortgage data collection regime. These rules, which are due to come into force on 1 January 2015, will help us monitor and supervise conduct in the mortgage market following the introduction of the Mortgage Market Review (MMR).
- 4.2** We noted in PS13/12 that we would clarify the position for firms that own regulated mortgage contracts but do not have the 'entering into' permission. This was not sufficiently clear in the original consultation.²⁵
- 4.3** In this chapter we set out the position in relation to these firms. In particular the requirement for them to report the mortgage performance data element of Product Sales Data (PSD), and we propose amending our rules to reflect this.
- 4.4** This change will be of particular interest to regulated firms that have bought regulated mortgage contracts as well as mortgage and home finance firms in general. It may also be of interest to bodies that represent any of these firms.
- 4.5** While not directly affecting consumers, it will enhance protection of consumers who have a mortgage that is sold to another firm. Therefore this change may be of interest to consumers.
- 4.6** The proposed amendments, and the statutory powers they will be made under, are set out in Appendix 4.

Summary of proposals

- 4.7** We want to collect data, through PSD, on all live regulated mortgage contracts, to help us monitor and supervise conduct in the mortgage market. It has always been our policy intention for all regulated firms who act as a lender to report this data to us. However, the drafting of the rules we consulted on in CP13/2 only require 'home finance providers' to report the data i.e. firms with permission (or who ought to have permission) for entering into a home finance transaction. This captures the vast majority of firms that own regulated mortgages, and is sufficient for the reporting we want on the sales data element of PSD. However, it does not

²⁴ PS13/12 *Mortgage Market Review – Data Reporting* (December 2013): www.fca.org.uk/your-fca/documents/ps1312-mortgage-market-review-data-reporting

²⁵ CP13/2 *Mortgage Market Review – Data Reporting* (May 2013): www.fca.org.uk/your-fca/documents/consultation-papers/cp13-02

capture those regulated firms that own regulated mortgage contracts (e.g. because they have bought them from another firm) and that are in effect acting as a lender but that do not have the permission to enter into a regulated mortgage contract.

- 4.8** As a result these firms would not currently be required to report performance data. This is a concern to us because without this performance data it will be difficult to monitor issues emerging in relation to regulated mortgages they have bought. Requiring these firms to provide us with data will prevent their activities from falling under our radar, and help to protect consumers. While we believe these firms account for only a small proportion of the mortgage market, it is difficult to identify the exact number in the absence of data.²⁶
- 4.9** We are amending our rules in SUP 16.1 and 16.11 to make it clear that these firms (i.e. firms in whom the rights and interests of the lender under a regulated mortgage contract are vested) are captured by the requirement to report mortgage performance data.
- 4.10** We are proposing to bring this amendment into force at the same time as the MMR data reporting rules on 1 January 2015. We do not believe that we need to give firms additional time to implement these rules. As explained in PS13/12, the purpose of this amendment is solely to reflect the original policy intent.

Q4.1: Do you have any comments on this proposed amendment to the rules?

Cost benefit analysis

- 4.11** Section 138I of the Financial Services and Markets Act 2000 (FSMA) requires us to publish a cost benefit analysis when proposing draft rules and when making rules which are significantly different from the draft consulted on. In particular, we are required to publish an analysis of the costs together with an analysis of the benefits and an estimate of those costs and benefits.
- 4.12** We expect this proposal to affect only a small number of firms as the vast majority of firms that own regulated mortgage contracts are home finance providers who have permission to enter into a regulated mortgage contract.
- 4.13** For firms that are affected, we expect the costs and benefits identified in CP13/2 and PS13/12 to hold. Firms will only incur costs related to reporting performance data which we expect to be within the range of £29k to £1 million²⁷ for one-off costs, and £6k to £19k per annum for ongoing costs. In practice, one-off costs may be considerably lower, as many firms that buy mortgage books use third party administrators whose systems may already be set up to collect PSD performance data on behalf of other mortgage clients. Extending the reporting requirements to these firms will ensure that the benefits, as set out in CP13/2, are fully realised.²⁸
- 4.14** Further details of these costs are set out in CP13/2 and PS13/12.

Q4.2: Do you have any comments on our cost benefit analysis of the proposed amendment?

²⁶ Note that we do not have the power to collect data from unregulated firms who have bought mortgage books

²⁷ The upper bound cost of £1 million applies to the largest mortgage lenders with the most complex systems

²⁸ e.g. the material improvement in our ability to supervise the MMR; to ensure that the benefits outlined in the MMR cost benefit analysis are realised; and to identify emerging issues earlier than through alternative supervisory channels

Compatibility statement

- 4.15** Section 1B of FSMA requires the Financial Conduct Authority (FCA), when discharging its general functions, so far as is reasonably possible, to act in a way that is compatible with its strategic objectives and advances one or more of its operational objectives. The FCA also needs, so far as is compatible with acting in a way that advances the consumer protection objective or the integrity objective, to carry out its general functions in a way that promotes effective competition in the interests of consumers. We must also have regard to our principles of good regulation.
- 4.16** To identify and assess risks in financial markets, we gather a wide variety of data, information and intelligence from across our organisation, the market, and other sources. The extension of our data gathering requirements to this additional group of firms is designed to support our objectives including the following:
- to secure an appropriate degree of consumer protection by promptly identifying and assessing risks to consumers;
 - to protect and enhance market integrity by making quicker and better decisions; and
 - to promote effective competition in the interests of consumers by enhancing our ability to monitor the market.
- 4.17** In formulating these proposals we have had regard to the principles of good regulation.
- 4.18** We do not believe that the changes described in this chapter will have an impact on mutual societies.

Equality and diversity

- 4.19** We have previously assessed the possible impacts of our mortgage date reporting requirements on equality and diversity. We are confident that the requirement on firms to report PSD performance data does not give rise to any concerns but we would welcome your comments.

5.

Mortgage affordability – Financial Policy Committee recommendation on interest rate stress tests

Introduction

- 5.1** We are introducing a package of reforms to the UK mortgage market through the Mortgage Market Review (MMR). This includes strengthening affordability assessments to prevent consumers from taking on unaffordable mortgages and requiring firms to consider the impact of likely future interest rate increases on affordability. These reforms are due to come into force on 26 April 2014.
- 5.2** On 28 November 2013, the Financial Policy Committee (FPC) made a formal recommendation to the Financial Conduct Authority (FCA) to 'require mortgage lenders to have regard to any future FPC recommendation on appropriate interest rate stress tests to use in the assessment of affordability.'²⁹
- 5.3** We propose giving effect to this recommendation through an amendment to our mortgage rules. This chapter explains our approach to this, including the timetable for consultation and implementation.
- 5.4** This consultation may be of interest to consumers who have a mortgage or other home finance product, or are planning to take one out, because it may affect the amount that they can borrow. It may also be of interest to firms involved in the mortgage market, particularly mortgage lenders and other home finance providers and administrators, firms that advise on or arrange mortgage and home finance products and bodies who represent any of these firms.
- 5.5** The proposed amendments, and the statutory powers they will be made under, are set out in Appendix 5.

Summary of proposals

- 5.6** The strengthened MMR affordability assessment requires firms to consider the impact of likely future interest rate increases on affordability over a minimum period of five years, by reference to market expectations. An example of a market expectation is the forward sterling rate published on the Bank of England website. In addition, there is a requirement to assume that interest rates rise by a minimum of 1% over the five year period, to account for periods where the market expects rates to decrease or to increase by less than 1% during this period.

²⁹ Financial Stability Report (November 2013): www.bankofengland.co.uk/publications/Documents/fsr/2013/fsrfull1311.pdf

- 5.7** In November 2013, the FPC made a recommendation to the FCA to 'require mortgage lenders to have regard to any future FPC recommendation on appropriate interest rate stress tests to use in the assessment of affordability'. We propose amending our affordability rules to incorporate this recommendation. This would mean that in addition to considering market expectations, lenders must have regard to any prevailing FPC recommendation when setting their interest rate stress test rate.
- 5.8** The FPC can make such recommendations in line with its objectives specified in the Bank of England Act 1998 (contributing to the Bank of England's Financial Stability Objective and, subject to that, supporting the Government's economic policy). The FPC may, for example, decide to make such a recommendation if it considers that a stress test based solely on market expectations understates (or, as the case may be, overstates) the financial stability risks of customers entering into unaffordable mortgages.
- 5.9** An FPC recommendation would be communicated following its quarterly meetings. The recommendation would be included in either the press release or the Financial Stability Report, as well as in the record of its formal policy meetings. These are all published on the Bank of England website.
- 5.10** The FPC is not obliged to use this power and so may not make a recommendation on an appropriate stress test rate to use. Where there is no active FPC recommendation, firms would have to comply with the rest of the interest rate stress test rule (i.e. to consider market expectations over the five year period, applying the 1% minimum expectation where appropriate). The 1% minimum remains even where the FPC makes a recommendation.
- 5.11** The FPC is an independent body and will be responsible for making the final decision on a recommendation. In doing so it must seek to avoid exercising its functions in a way that would prejudice the advancement of any of our operational objectives, particularly consumer protection. We will be able to contribute to and if necessary challenge any proposal for a recommendation through our seat on the FPC (currently held by our Chief Executive, Martin Wheatley).

Q5.1: Do you have any comments on the proposed rule?

Q5.2: Do you have any other comments?

Next steps

- 5.12** The consultation period for this proposal is four weeks. We are using a shorter than normal consultation period due to the technical nature of the amendment to our rules. After considering the consultation feedback, we hope to make the rule with immediate effect, so that it comes into force soon after implementation of the MMR package of reforms on 26 April 2014.
- 5.13** We do not believe that firms will need time to implement this additional requirement. At the current time the change is a technical one, acting as a 'placeholder' unless and until the FPC makes a recommendation. When it does, we expect this to impact lenders' analysis and decision-making on their interest rate stress tests (in addition to the existing requirement to consider market expectations), rather than requiring IT systems changes.

Q5.3: Do you agree that this proposal will impact lenders' analysis and decision-making on interest rate stress tests, rather than requiring IT systems changes?

Q5.4: Is immediate implementation of this proposal achievable for firms?

Cost benefit analysis

- 5.14** Before making a recommendation, the FPC is obliged to undertake an analysis of the likely costs and benefits. This will include an assessment of the likely impact on consumers, particularly on their access to mortgage finance, including regional impacts. Given our focus on consumers, we are particularly interested in these impacts, and as stated above, we will have the opportunity to contribute to and, if need be, challenge any proposal for a recommendation.
- 5.15** We are not required to do a cost benefit analysis of the proposed rule as it simply seeks to put in place a framework to require lenders to have regard to such a recommendation if and when one is made. A recommendation would not be made without analysis having been carried out by the FPC.

Compatibility statement

- 5.16** Section 1B of the Financial Services and Markets Act 2000 requires the Financial Conduct Authority (FCA), when discharging its general functions, so far as is reasonably possible, to act in a way that is compatible with its strategic objectives and advances one or more of its operational objectives. The FCA also needs, so far as is compatible with acting in a way that advances the consumer protection objective or the integrity objective, to carry out its general functions in a way that promotes effective competition in the interests of consumers. We must also have regard to our principles of good regulation.
- 5.17** This proposal primarily contributes to two of our operational objectives:
- Securing an appropriate degree of protection for consumers.
 - Protecting and enhancing the integrity of the UK financial system.
- 5.18** This proposal will help to ensure that consumers take out affordable mortgages and are protected from foreseeable future increases in interest rates. Therefore, this will contribute to greater financial stability.
- 5.19** We consider that the proposals comply with our duty to promote effective competition in the interests of consumers. In formulating these proposals we have also had regard to the principles of good regulation.
- 5.20** We do not believe that the changes described in this chapter will have a different impact on mutual societies compared to other authorised persons.

Equality and diversity

- 5.21** Our predecessor body, the Financial Services Authority, previously assessed the possible impacts of the full MMR package of reforms on equality and diversity. We are confident that this proposal does not give rise to any concerns but we would welcome your comments.

Appendix 1

List of questions

- Q2.1:** Do you agree with our proposed addition of links in the Handbook to the ESMA guidelines and delegated regulation?
- Q2.2:** Do you agree with our proposed guidance on AIFMD reporting requirements?
- Q2.3:** Do you agree with how we propose to transpose these risk management requirements for AIFMs and UCITS managers?
- Q2.4:** Do you agree with our proposed amendment to the funds under management definition that will affect the capital calculations of AIFMs managing AIF portfolios that include derivatives?
- Q2.5:** Do you agree with our proposed amendments to the requirements for Article 36 custodians?
- Q2.6:** Do you agree with our proposed changes to AIFM remuneration requirements?
- Q2.7:** Do you have any comments on our proposed forms?
- Q2.8:** Do you agree with these proposed additional changes?
- Q2.9:** Do you have any comments on our cost benefit analysis?
- Q3.1:** Do you have any comments on the proposed updates to the complaints data return form and guidance?
- Q4.1:** Do you have any comments on this proposed amendment to the rules?
- Q4.2:** Do you have any comments on our cost benefit analysis of the proposed amendment?
- Q5.1:** Do you have any comments on the proposed rule?
- Q5.2:** Do you have any other comments?
- Q5.3:** Do you agree that this proposal will impact lenders' analysis and decision-making on interest rate stress tests, rather than requiring IT systems changes?
- Q5.4:** Is immediate implementation of this proposal achievable for firms?

Appendix 2

Changes impacting asset management

**ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE AND
UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE
SECURITIES DIRECTIVE (MISCELLANEOUS AMENDMENTS) INSTRUMENT
2014**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) the following sections of the Act:
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137H (General rules about remuneration);
 - (c) section 137T (General supplementary powers);
 - (d) section 139A (Power of the FCA to give guidance);
 - (e) section 247 (Trust scheme rules);
 - (f) section 261I (Contractual scheme rules); and
 - (g) paragraph 20C (Notice of intention to market an AIF) of schedule 3 (EEA Passport Rights);
 - (2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook;
 - (3) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (4) the following powers of directions in the Alternative Investment Fund Managers Regulations (SI 2013/1773):
 - (a) regulation 21 (Disclosure obligations of small registered UK AIFMs);
 - (b) regulation 26 (Approval for delegation of functions by full-scope UK AIFMs); and
 - (c) regulation 54 (FCA approval for marketing).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force as follows:
- (1) Annex D (COLL) and Part 2 of Annex E (FUND) come into force on 21 December 2014; and
 - (2) the remainder of this instrument comes into force on [date].

Amendments to the FCA Handbook

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

| (1) | (2) |
|--|---------|
| Glossary of definitions | Annex A |
| Senior Management Arrangements, Systems and Controls sourcebook (SYSC) | Annex B |
| Supervision manual (SUP) | Annex C |
| Collective Investment Schemes sourcebook (COLL) | Annex D |
| Investment Funds sourcebook (FUND) | Annex E |

Notes

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

Citation

- F. This instrument may be cited as the Alternative Investment Fund Managers Directive and Undertakings for Collective Investment in Transferable Securities Directive (Miscellaneous Amendments) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[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.

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

| | |
|---------------------------|--|
| <i>EuSEF</i> | a qualifying social entrepreneurship fund (as defined in the <i>EuSEF regulation</i>). |
| <i>EuVECA</i> | a qualifying venture capital fund (as defined in the <i>EuVECA regulation</i>). |
| <i>non-EEA feeder AIF</i> | a <i>UK AIF</i> or an <i>EEA AIF</i> that is a <i>feeder AIF</i> , the <i>master AIF</i> of which is a <i>non-EEA AIF</i> or is managed by a <i>non-EEA AIFM</i> . |

Amend the following as shown.

| | |
|---|---|
| <i>ESMA AIFMD key concepts guidelines</i> | <i>ESMA's guidelines</i> on key concepts of the <i>AIFMD</i> (http://www.esma.europa.eu/system/files/2013-611_guidelines_on_key_concepts_of_the_aifmd_-_en.pdf). |
| ... | |
| <i>executive procedures</i> | <p>(1) the procedures relating to the giving of warning notices, decision notices and <i>supervisory notices</i> that are described in <i>DEPP 4</i> (Decisions by <i>FCA</i> staff under executive procedures).</p> <p>(2) <u>the procedures relating to the giving of written notices under the <i>AIFMD UK regulation</i> that are described in <i>FUND Appendix 1</i>.</u></p> |
| <i>funds under management</i> | <p>...</p> <p>(2) (in <i>IPRU(INV)</i>) <i>funds</i> managed by the <i>firm</i>, calculated as the sum of the absolute value of all assets of all <i>funds</i> managed by the <i>firm</i>, including assets acquired through the use of leverage and, for such purpose, derivative instruments shall be converted into their equivalent positions in the underlying assets using the conversion methodologies in article 10 of the <i>AIFMD level 2 regulation</i> and valued on the basis of that equivalent position <u>at their market value</u>. This includes <i>funds</i> where the <i>firm</i> has delegated the management function but excludes <i>funds</i> that it is managing as a delegate.</p> |

Annex B

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

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

19B AIFM Remuneration Code**19B.1 Application**

...

AIFM Remuneration Principle 5(c): Remuneration structures - ~~ratios between~~
fixed and variable components of total remuneration

- 19B.1.15 R ~~An AIFM must set appropriate ratios between the fixed and variable components of total remuneration and ensure that:~~
- (1) fixed and variable components of total *remuneration* are appropriately balanced; and
 - (2) the fixed component represents a sufficiently high proportion of the total *remuneration* to allow the operation of a fully flexible policy on variable *remuneration* components, including the possibility to pay no variable *remuneration* component.

[**Note:** paragraph 1(j) of Annex II of *AIFMD*]

...

19C BIPRU Remuneration Code**19C.1 General application and purpose**

...

- 19C.1.1A G The *AIFM Remuneration Code* (SYSC 19B) also applies to a *BIPRU firm* which is a *full-scope UK AIFM* (i.e. a *full-scope UK AIFM* that is an *AIFM investment firm*). Such a *full-scope UK AIFM* that complies with all of SYSC 19B will also comply with all of the provisions of SYSC 19C. In such cases, the *FCA* will not require the *full-scope UK AIFM* to demonstrate compliance with SYSC 19C.

Annex C

Amendments to the Supervision manual (SUP)

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

13 Annex 8BR Passporting: AIFMD – cross border services (marketing)

Delete the form entitled ‘**Notification of intention to provide cross-border services in another EEA state with respect to marketing an AIF**’ and substitute with the form at the end of this instrument entitled ‘**Notification of intention to provide or amend cross border services in another EEA state with respect to marketing an AIF (Article 32); and/or Notification of intention to market an AIF in the United Kingdom (Article 31)**’. The deleted text is not shown and the new text is not underlined.

Amend the following provisions.

15 Notifications to the FCA or PRA

...

15.3 General notification requirements

...

UK AIFMs

...

- 15.3.27A R A full-scope UK AIFM must use the following forms to notify the FCA of material changes under SUP 15.3.26R:
- (1) the form set out in SUP 15 Annex 6AR if the AIFM has been appointed to manage a new AIF;
 - (2) the form set out in SUP 15 Annex 6BR in relation to senior personnel changes if the AIFM is not required to apply for the FCA’s approval for that person’s appointment under section 59 of the Act; and
 - (3) the form set out in SUP 15 Annex 6CR in relation to all other material changes set out in that form.
- 15.3.28 R Where a *small authorised UK AIFM* no longer meets the conditions in regulation 9 (meaning of “small AIFM”) of the *AIFMD UK regulation* (within the meaning of Chapter 4II of the *AIFMD level 2 regulation*) it must:
- (1) immediately notify the FCA using the form set out in SUP 15 Annex 6DR; and

...

- 15.3.29 R *A small authorised UK AIFM that intends to manage a new AIF (other than a EuSEF or a EuVECA):*
- (1) *must notify the FCA before it starts to manage that AIF using the form set out in SUP 15 Annex 6AR;*
 - (2) *unless the management of the new AIF would result in the AIFM exceeding the relevant threshold of assets under management so that it will no longer meet the conditions set out in regulation 9 (meaning of “small AIFM”) of the AIFMD UK regulation, in which case SUP 15.3.28R applies.*
- 15.3.30 D *A small registered UK AIFM must notify the FCA using the form set out in:*
- (1) *SUP 15 Annex 6AR if it intends to manage a new AIF (other than a EuSEF or a EuVECA) unless the management of the new AIF would result in the AIFM exceeding the relevant threshold of assets under management so that it will no longer meet the conditions set out in regulation 9 (meaning of “small AIFM”) of the AIFMD UK regulation in which case (2) applies;*
 - (2) *SUP 15 Annex 6DR if it no longer meets the conditions set out in regulation 9 (meaning of “small AIFM”) of the AIFMD UK regulation (within the meaning of Chapter II of the AIFMD level 2 regulation); and*
 - (3) *SUP 15 Annex 6ED if it ceases to meet the conditions for registration set out in regulation 15(1) (small registered AIFMs ceasing to meet the requirements for registration).*
- 15.3.31 G *A EuSEF manager or a EuVECA manager should notify the FCA using the form set out in:*
- (1) *SUP 15 Annex 6BR in relation to senior personnel changes; and*
 - (2) *SUP 15 Annex 6FG if the AIFM intends to make changes to the jurisdiction in which such AIFs are marketed or to market a new EuSEF or EuVECA.*

...

After SUP 15 Annex 5 insert the following annexes. The text is new and is not underlined.

15 Annex Notifications by UK AIFMs 6R

This annex consists of one or more forms. Forms can be completed online now

by visiting http://www.fshandbook.info/FS/form_links.jsp

The forms are referred to can be found in the following Annexes in *SUP*:

SUP 15 Annex 6AR – AIFMD new fund notification

SUP 15 Annex 6BR – AIFMD senior personnel changes

SUP 15 Annex 6CR – AIFMD full-scope UK AIFM material change notification

SUP 15 Annex 6DR – AIFMD notice of sub-threshold AIFM exceeding AuM limit

SUP 15 Annex 6ED – AIFMD small registered UK AIFM ceasing to meet the conditions for registration

SUP 15 Annex 6FG – EuSEF or EuVECA marketing notification

[See end of instrument for forms]

Amend the following as shown.

16.18 AIFMD reporting

...

Guidelines

- 16.18.11 G *ESMA's guidelines on reporting obligations under articles 3(3)(d) and 24(1), (2) and (4) (http://www.esma.europa.eu/system/files/2013-1339_final_report_on_esma_guidelines_on_aifmd_reporting_for_publication_revised.pdf) provide further details in relation to the requirements set out in this section.*

Annex D

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

...

6.12 Risk management policy and risk measurement

...

Risk management process

- 6.12.3 R (1) (a) *An authorised fund manager of a UCITS scheme or a UK UCITS management company of an EEA UCITS scheme must use a risk management process enabling it to monitor and measure at any time the risk of the scheme's positions and their contribution to the overall risk profile of the scheme.*
- (b) In particular, an authorised fund manager of a UCITS scheme or a UK UCITS management company of an EEA UCITS scheme must not solely or mechanistically rely on credit ratings issued by credit rating agencies, as defined in article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the scheme's assets.

...

Annex E

Amendments to the Investment Funds sourcebook (FUND)

In this Annex, underlining indicates new text and striking through indicates deleted text except where indicated otherwise.

Part 1: Comes into force on [date]

1 Introduction

...

1.3 Types of fund manager

...

Open-ended and closed-ended AIFs

- 1.3.9 G (1) The European Commission’s delegated regulation (EU No .../...) of 17 December 2013 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to regulatory technical standards determining types of alternative investment fund managers ([link to follow]) sets out the criteria for determining whether an AIF is open-ended or closed-ended.
- (2) In summary, an AIF is open-ended if the shares or units of the AIF are, at the request of any of its shareholders or unitholders, repurchased or redeemed prior to the commencement of its liquidation phase or wind-down, directly or indirectly, out of the assets of the AIF. A closed-ended AIF is an AIF that is not an open-ended AIF.
- (3) The difference between an AIF being open-ended or closed-ended in particular affects the application of the following rules:
- (a) FUND 3.6.3R (Liquidity systems and procedures); and
- (b) FUND 3.9.5R (Frequency of valuation of assets and calculation of net asset value).

...

3 Requirements for alternative investment fund managers

...

3.2 Investor information

...

Prior disclosure of information to investors

- 3.2.2 R An *AIFM* must, for each *UK AIF* and *EEA AIF* that it manages, and for each *AIF* it *markets* in the *EEA*, make available to *AIF* investors before they invest, in line with the *instrument constituting the fund*, the following information and any material changes to it:

...

- (5) a description of how the *AIFM* complies with the requirements referred to in *IPRU(INV) 11.3.11G (Professional negligence) or GENPRU 2.1.67G (Requirements relevant to collective portfolio management investment firms)* relating to professional liability risk;

...

...

3.3 Annual report of an AIF

...

Content of annual report

- 3.3.5 R The annual report must contain:

...

- (6) the aggregate amount of ~~remuneration of the *AIFM*~~ *Remuneration Code staff*, broken down by senior management and members of staff of the *AIFM* whose actions have a material impact on the risk profile of the *AIF*.

...

3.4 Reporting obligations to the FCA

...

Additional information

- 3.4.6A R In addition to the information set out in *FUND 3.4.2R*, an *AIFM* must regularly report the following information to the *FCA*:

- (1) on behalf of each *AIF* it manages:
- (a) the total number of transactions carried out using a high frequency algorithmic trading technique;
 - (b) the geographical focus of investments expressed as a percentage of the total value of assets under management;

- (c) an indication of whether a short position is used to hedge a position with a similar economic exposure; and
- (d) the Value at Risk (VaR) if the AIF is pursuing a hedge fund strategy; and
- (2) the information set out in FUND 3.4.3R for each non-EEA AIF it manages that is not marketed in the EEA, if that AIF is the master AIF of a feeder AIF which the AIFM also manages and that feeder AIF is:
 - (a) an EEA AIF; or
 - (b) a non-EEA AIF that is marketed in the EEA.

[**Note:** article 24(5) of AIFMD]

- 3.4.6B G Further details in relation to the additional reporting requirements set out in FUND 3.4.6AR can be found in ESMA’s opinion on the “Collection of information for the effective monitoring of systemic risk under article 24(5), first sub-paragraph, of the AIFMD” (http://www.esma.europa.eu/system/files/2013-esma-1340_opinion_on_collection_of_information_under_aifmd_for_publication.pdf) dated 1 October 2013.

...

Guidelines

- 3.4.8 G ESMA’s guidelines on reporting obligations under articles 3(3)(d) and 24(1), (2) and (4) (http://www.esma.europa.eu/system/files/2013-1339_final_report_on_esma_guidelines_on_aifmd_reporting_for_publication_revised.pdf) provide further details in relation to the requirements set out in this section.

Further information

- 3.4.9 G Further information in relation to AIFMD reporting can be found in SUP 16.18 (AIFMD reporting), including information in relation to the frequency of reporting.

...

3.7 Risk management

...

Risk management systems

...

3.7.5A G An AIFM should use the form set out in SUP 15 Annex 6CR to notify the FCA of any material changes to the risk management policy and of the arrangements, processes and techniques referred to in article 45 of the AIFMD level 2 regulation, as required by article 41(4) of the AIFMD level 2 regulation.

...

3.9 Valuation

...

3.9.11 R (1) An AIFM must notify the appointment of an external valuer to the FCA.

(2) An AIFM must notify the FCA under (1) using either:

(a) the variation of permission form for full-scope UK AIFMs, if the notification is made as part of the AIFM's application for Part 4A permission to manage an AIF; or

(b) the material change form set out in SUP 15 Annex 6CR, in all other cases.

...

3.10 Delegation

...

3.10.2A R An AIFM must notify the FCA of delegation arrangements under FUND 3.10.2R(1) using the form set out in FUND 3 Annex 2R.

...

3.10.4A R An AIFM must notify the FCA of sub-delegation arrangements under FUND 3.10.4R(2) using the form set out in FUND 3 Annex 2R.

...

3.10.7A D An AIFM that wishes to apply for the approval of its delegation arrangements in accordance with regulation 26 of the AIFMD UK regulation must do so using the form set out in FUND 3 Annex 2R.

...

3.11 Depositories

Application

3.11.1 R This section applies in accordance with the table in *FUND* 3.11.2R and *FUND* 3.11.3R.

3.11.2 R This table belongs to *FUND* 3.11.1R.

| <i>Rule</i> | <i>Full-scope UK AIFM of a UK AIF or an EEA AIF (other than a non-EEA feeder AIF which is marketed in the UK)</i> | <i>Full-scope UK AIFM of a non-EEA AIF or a non-EEA feeder AIF which is marketed in the UK</i> | <i>UK depositary of a UK AIF managed by a full-scope UK AIFM or an EEA AIFM</i> | <i>UK depositary of a non-EEA AIF or a non-EEA feeder AIF which is marketed in the UK</i> |
|-------------|---|--|---|---|
| 3.11.4R | x | | | |
| 3.11.5R | x | | x | |
| 3.11.7R | x | | | |
| 3.11.9R | | | x | |
| 3.11.10R | x | | | |
| 3.11.12R | x | | | |
| 3.11.14R | x | | | |
| 3.11.16R | | | x | |
| 3.11.18R | x | | | |
| 3.11.19R | x | | x | |
| 3.11.20R | | | x | x |
| 3.11.21R | | | x | x |
| 3.11.23R | | | x | x |
| 3.11.24R | | | x | |
| 3.11.25R | | | x | x |
| 3.11.26R | | | x | |
| 3.11.28R | | | x | |
| 3.11.29R | | | x | |

| | | | | |
|-----------------------------------|--|---|---|--|
| 3.11.30R | | | x | |
| 3.11.33R | | x | | |
| Note: "x" means "applies". | | | | |

3.11.3 R A UK depositary of a non-EEA AIF or a non-EEA feeder AIF which is marketed in the UK that does not perform all of the functions of cash monitoring, safekeeping and oversight for the AIF need only comply with the following rules that are applicable to the functions it performs:

- (1) FUND 3.11.20R if it performs only the cash monitoring function;
- (2) FUND 3.11.21R and FUND 3.11.23R if it performs only the safekeeping function;
- (3) FUND 3.11.25R if it performs only the oversight function;
- (4) FUND 3.11.20R, FUND 3.11.21R and FUND 3.11.23R if it performs only the cash monitoring and safekeeping functions;
- (5) FUND 3.11.20R and FUND 3.11.25R if it performs only the cash monitoring and oversight functions; and
- (6) FUND 3.11.21R, FUND 3.11.23R and FUND 3.11.25R if it performs only the safekeeping and oversight functions.

...

AIFM of a non-EEA AIF

3.11.33 R An AIFM of a non-EEA AIF or a non-EEA feeder AIF which is marketed in the UK must:

- (1) ensure that the duties referred to in FUND 3.11.20R, FUND 3.11.21R, FUND 3.11.23R and FUND 3.11.25R are carried out in relation to that AIF by one or more:
 - (a) firms that are:
 - (i) established in the UK; and
 - (ii) which have the Part 4A permission of acting as trustee or depositary of an AIF; and
 - (iii) which have own funds of at least €125,000,

where the duties are carried out in the UK; or
 - (b) entities that are not established in the UK, where the duties are not carried out in the UK; or

- (c) firms that are established in the UK and which are carrying out the duties from a non-UK branch;

...

...

3.12 Marketing in the home Member State of the AIFM

...

3.12.4 G ...

- (3) A full-scope UK AIFM may also use the form set out in FUND 3 Annex 1D to apply to the FCA to market an AIF in other EEA States using the AIFMD marketing passport and to notify the FCA of material changes to domestic and cross-border marketing.

...

3 Annex Notification of intention to market an AIF in the United Kingdom 1D

Delete the form entitled ‘**Notification of intention to market an AIF in the United Kingdom** and substitute with the form at the end of this instrument entitled ‘**Notification of intention to provide or amend cross border services in another EEA state with respect to marketing an AIF (Article 32); and/or Notification of intention to market an AIF in the United Kingdom (Article 31)**’. The deleted text is not shown and the new text is not underlined.

After FUND 3 Annex 1D insert the following annex. The text is new and is not underlined.

3 Annex Notification of delegation arrangements and application for approval of the 2R delegation or sub-delegation of risk management or portfolio management in accordance with Regulation 26 of the AIFMD UK regulation

This annex consists of one or more forms. Forms can be completed online now by visiting http://www.fshandbook.info/FS/form_links.jsp

The forms are also to be found through the following address:

FUND 3 Annex 2R – AIFMD notification of delegation arrangements and application for approval of the delegation or sub-delegation of risk management or portfolio management in accordance with Regulation 26 of the AIFMD UK regulation –

[See end of instrument for new form]

Amend the following as shown.

10 Operating on a cross-border basis

...

10.5 National private placement

...

- 10.5.11 G (1) (a) A provision of FUND 3.2 (Investor Information), FUND 3.3 (Annual report of the AIF) or FUND 3.4 (Reporting obligations to the FCA) will not be relevant to an above-threshold non-EEA AIFM and the AIF it markets, if it relates to another provision to which the AIFM is not subject.
- (b) For example, the AIFM does not need to comply with FUND 3.2.2R(5) because it is not subject to the professional negligence requirements in IPRU(INV) 11.3.11G (Professional negligence).
- (2) (a) However, the AIFM should comply with the substance of the provisions of FUND 3.2 (Investor Information), FUND 3.3 (Annual report of the AIF) or FUND 3.4 (Reporting obligations to the FCA) to the extent that these are relevant to the AIFM and the AIF.
- (b) For example, the AIFM should make the latest net asset value of the AIF or latest market price of the unit or share of the AIF available to investors before they invest, but it does not need to do so in line with FUND 3.9 (Valuation), because it is not subject to these provisions.

...

Insert the following new appendix. The text is not underlined.

App 1 Written notice decision procedures under the AIFMD UK regulation

- 1.1.1 G This appendix sets out the procedures that the FCA will follow in relation to written notices under the AIFMD UK regulation.
- 1.1.2 G DEPP 2 Annex 1 sets out the procedures that the FCA will follow in relation to warning notices and decision notices under the AIFMD UK regulation.
- 1.1.3 G For the purposes of this appendix, the procedures set out in DEPP 4.1

(Executive decision maker) apply to decisions set out this appendix that are taken by *executive procedures*.

| 1.1.4 G | Regulation | Description | Decision maker |
|---------|------------|---|-----------------------------|
| | 12(3) | Where the <i>FCA</i> decides to enter an <i>AIFM</i> on the register of <i>small registered UK AIFMs</i> . | <i>Executive procedures</i> |
| | 20(3)(a) | Where the <i>FCA</i> proposes to suspend the registration of a <i>small registered UK AIFM</i> or suspends such a registration with immediate effect. | <i>Executive procedures</i> |
| | 20(6)(a) | Where the <i>FCA</i> decides to suspend the registration of a <i>small registered UK AIFM</i> in the way proposed (or, if the suspension has already been imposed, not to revoke the suspension), to make a suspension other than in the way proposed (or, if the suspension has already been imposed, to amend the suspension) or not to make a suspension (or if the suspension has already been imposed, to revoke such a suspension). | <i>Executive procedures</i> |
| | 26(7) | Where the <i>FCA</i> proposes to refuse to approve the delegation or sub-delegation of the functions of portfolio management or risk management by a <i>full-scope UK AIFM</i> . | <i>Executive procedures</i> |
| | 26(8)(a) | Where the <i>FCA</i> decides to refuse to approve the delegation or sub-delegation of the functions of portfolio management or risk management by a <i>full-scope UK AIFM</i> . | <i>Executive procedures</i> |
| | 54(6) | Where the <i>FCA</i> proposes to refuse an application to <i>market</i> an <i>AIF</i> by a <i>full-scope UK AIFM</i> or a <i>full-scope EEA AIFM</i> under regulation 54 (FCA approval for marketing) of the <i>AIFMD UK regulation</i> . | <i>Executive procedures</i> |
| | 54(7)(a) | Where the <i>FCA</i> decides to refuse an application to <i>market</i> an <i>AIF</i> by a <i>full-scope UK AIFM</i> or a <i>full-scope EEA AIFM</i> under regulation 54 (FCA approval for marketing) of the <i>AIFMD UK regulation</i> . | <i>Executive procedures</i> |
| | 64(3)(a) | Where the <i>FCA</i> proposes to suspend an <i>AIFM's</i> entitlement to <i>market</i> an <i>AIF</i> under regulations 57, 58 or 59 (National Private Placement) of the <i>AIFMD UK regulation</i> or suspends such an entitlement with | <i>Executive procedures</i> |

| | | |
|----------|--|-----------------------------|
| | immediate effect. | |
| 64(7)(a) | Where the <i>FCA</i> decides to suspend an <i>AIFM</i> 's entitlement to <i>market</i> an <i>AIF</i> under regulations 57, 58 or 59 (National Private Placement) of the <i>AIFMD UK regulation</i> in the way proposed, other than in the way proposed or not to revoke such a suspension. | <i>Executive procedures</i> |
| 64(8) | Where the <i>FCA</i> decides not to suspend an <i>AIFM</i> 's entitlement to <i>market</i> an <i>AIF</i> under regulations 57, 58 or 59 (National Private Placement) of the <i>AIFMD UK regulation</i> in the way proposed or to revoke such a suspension. | <i>Executive procedures</i> |

Part 2: Comes into force on 21 December 2014

3 Requirements for alternative investment fund managers

...

3.7 Risk management

...

Risk management systems

- 3.7.5 R (1) (a) An *AIFM* must implement adequate risk management systems to identify, measure, manage and monitor all risks relevant to each *AIF* investment strategy and to which each *AIF* is, or may be, exposed.
- (b) In particular, an *AIFM* must not solely or mechanistically rely on credit ratings issued by credit rating agencies, as defined in article 3(1)(b) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, for assessing the creditworthiness of the *AIF*'s assets.

...

These forms are inserted in the appropriate place in the Handbook as outlined below and in the following order.

SUP 13 Annex 8BR – AIFMD Passporting Form, with letter template and appropriate annexes

SUP 15 Annex 6AR – AIFMD new fund notification

SUP 15 Annex 6BR – AIFMD senior personnel changes

SUP 15 Annex 6CR – AIFMD material change notification

SUP 15 Annex 6DR – AIFMD exceed AUM threshold notification

SUP 15 Annex 6ED – Small registered AIFM change form

SUP 15 Annex 6FG – EUSEF/EUVECA Marketing notification

FUND 3 Annex 2R – AIFMD delegation notification

Notification of intention to provide or amend cross border services in another EEA state for marketing an AIF (article 32); and/or notification of intention to market an AIF in the United Kingdom (article 31) (SUP 13 Annex 8BR)

Is this a notification of material change Yes No

AIFM name

FRN or AIFM national code

AIF name

Purpose of this form

You should use this form if:

- (a) you are a *full-scope UK AIFM* that wishes to:
- i. exercise a passport right to provide *cross border services* in another *EEA State* under the Alternative Investment Fund Managers Directive ('AIFMD') to market a *UK AIF* or *EEA AIF* (other than a *UK AIF* or *EEA AIF* that is a *feeder AIF*, the *master AIF* of which is managed by a *non-EEA AIFM* or is a *non-EEA AIF* (a '*feeder AIF* invested in a *non-EEA master AIF*')) to *professional clients* (**cross border services**); and/or
 - ii. market a *UK AIF* or an *EEA AIF* (other than a *feeder AIF* invested in a *non-EEA master AIF*) in the *United Kingdom* under the AIFMD to *professional clients* and/or *retail clients* (**UK domestic marketing**); or
- (b) you are a *full-scope EEA AIFM* that wishes to market a *UK AIF* or an *EEA AIF* (other than a *feeder AIF* invested in a *non-EEA master AIF*) in the *United Kingdom* under the AIFMD to *retail clients* only (**UK domestic marketing – EEA AIFM retail marketing only**).

Material changes

You may also use this form to notify us of any material changes to the circumstances of your AIFM permission and /or any material changes to the circumstances of your marketing activity.

Important information you should read before completing this form

A *full-scope UK AIFM* can only use this form to provide *cross border services* into another *EEA State* if it complies with the relevant provisions of AIFMD (see Schedule 3 to the Financial Services and Markets Act 2000 (FSMA)). A *full-scope UK AIFM* or *full-scope EEA AIFM* can only use this form to market an AIF in the *United Kingdom* if it complies with the conditions of the Alternative Investment Fund Managers Regulations 2013 (the '*AIFMD UK regulation*'). By completing this form, you are confirming that you comply with the relevant conditions.

Before completing this form, firms should consult the relevant legislation and take legal advice if they are in any doubt. *Full-scope UK AIFMs* wishing to exercise passporting rights should ensure that they are aware of any applicable requirements in the relevant *EEA State(s)* in which they wish to carry on their activities.

For the purpose of this form and the marketing passport any reference to AIF includes compartments or sub-funds of that AIF that exhibits all the elements in the definition of 'AIF' in article 4(1)(a) of the AIFMD (ie, 'collective investment undertaking', 'raising capital', 'number of investors' and 'defined investment policy'. Guidance on the exercise of passporting rights by *UK firms* can be found in Chapter 13 of the Supervision manual (SUP) and on UK domestic marketing in FUND 3.12 (Marketing in the home member state of the *AIFM*).

Filling in the form

- 1 If you are using your computer to complete the form, use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question. Once completed, print the relevant sections and sign the declaration in section 3.
- 2 If you are filling in the form by hand (please note the letter template **MUST** in all cases be completed by computer and submitted as a Word document), you must use black ink, write clearly and, once you have completed the relevant sections, sign the declaration in section 3. Please remove any indicative text provided as examples and use black theme colours.
- 3 All firms should complete sections 1 and 3 and Annexes 1 to 3 in respect of each AIF. Section 2 only needs to be completing if the firm is applying for a marketing passport. The checklist below confirms what parts should be completed.
- 4 Where the firm is applying for, or notifying changes to, cross-border services or UK domestic marketing in relation to more than one AIF or more than one compartment or sub-fund of an umbrella AIF then only one marketing passport notification letter, Annex 1 and Annex 2 need be submitted, so long as information on each AIF, sub-fund or compartment subject to marketing is included. Similarly, if the disclosure cross-references required by Annex 3 apply to more than one sub-fund or compartment of an AIF constituted as an umbrella AIF then there is space within Annex 3 to confirm this – removing the need to submit duplicate information. However, where it is required, the disclosure cross-reference required by Annex 3 should be completed for each sub-fund or compartment separately. If there is not enough space on the form, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.

Checklist

| | | Section 1.1 | Section 1.2 | Section 2 / template | Section 3 | Annex 1 | Annex 2 | Annex 3 |
|----------------|----------|-----------------------------------|-----------------------------------|------------------------------------|-------------|--------------------|------------------------|--|
| AIFMD Article | AIFM | AIFMD Annex III or IV (b) Docs | AIFMD Annex III or IV (d) Docs | Marketing Passport Letter Template | Declaration | AIF Table Template | Member States Template | Article 23/FUND 3.2.2R Cross Reference |
| 31, 32 and 43 | UK AIFM | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 32 only | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 31 and 43 only | | ✓ | ✓ | x | ✓ | ✓ | UK only | ✓ |
| 43 only | EEA AIFM | ✓ | ✓ | x | ✓ | ✓ | UK Only | ✓ |

Applications should be sent to:

AIFMD Team
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

An electronic copy must be submitted by email to AIFMDOutwardMarketingNotification@fca.org.uk

2 Marketing passport notification letter template

Important information you should read before completing the Marketing passport notification letter template

Cross-border marketing

The FCA has an obligation to notify the competent authorities in the territories where you intend to market the AIF(s) detailed in this notification. The notification letter template and annexes form part of this notification and will be forwarded to the competent authorities with the information required by Annex IV of the Directive, to fulfil the obligation to notify the relevant competent authorities. The notification letter template and annexes appear immediately after the declaration in section 3 of this form.

Please ensure you complete all sections of the template and the three separate annexes for each AIF having regard to the notes provided on how to fill in the form on the second page of this document. Once the FCA has notified the relevant competent authorities of your intention to market in their territory, the FCA will confirm that you can commence cross-border activities within the scope of this notification.

Please do not fill the template in by hand. Please save the template as a word document using the document naming convention **AIFMD XBUKMKT FRN##### YYMMDD** replacing the # with your six-digit FRN.

If you are intending to market an AIF in the UK, in addition to exercising passport rights, please also tick the **UK** box within Appendix 2.

The letter template will be dated at the point the notification is made by the FCA.

UK marketing notification

If you are a full-scope UK AIFM or full-scope EEA AIFM intending to only market within the UK, you do not need to complete the Marketing passport notification letter template

3 Declaration

It is a criminal offence to knowingly or recklessly give us information that is false or misleading. If necessary, please seek appropriate professional advice before supplying information to us.

There will be a delay in processing the application if any information is inaccurate or incomplete. And failure to notify us immediately of any significant change to the information provided may result in a serious delay in the application process.

- **I understand it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.**
- **I confirm that the information in this form is accurate and complete to the best of my knowledge and belief.**
- **I confirm that I am authorised to sign on behalf of the firm.**

| | |
|-----------|----------|
| Name | |
| Position | |
| Signature | |
| Date | dd/mm/yy |

Please indicate the sections you have enclosed

- Section 1 – Alternative investment fund managers
- Section 2 – Marketing passport notification letter template
- Section 3 – Declaration
- Marketing passport notification letter template
- Annex 1 – AIF details
- Annex 2 – Schedule of cross-border marketing rights
- Annex 3 – Article 23/Fund 3.2.2R disclosure cross-references

Direct line:
Local fax:
Email:

Date:

Our Ref:

Dear Colleague

Notification letter for the marketing of units or shares of EU AIFs in Member States other than the home Member State of the AIFM (article 32 of the AIFMD)

The information provided in this notification letter should not be ambiguous.

Are you notifying amendments to information already provided in an initial notification?

- Yes
 No

AIFM Name:

Contact details at the AIFM (name of contact and registered address of the AIFM):

Direct line (eg, +XX (X) XXX XXXX):

Email address (eg, XXXXX.XXXXXX@XXXXX.XXX):

Does the AIF(s) have sub-funds/compartments?

- Yes
 No

Information on the agreements established to prevent units or shares of the AIF from being marketed to retail investors, including in the case where the AIFM relies on activities of independent entities to provide investment services in respect of the AIF:

An example of this is below:

All marketing material in relations to the funds carry the following statement:

'This document is for professional investors and qualifying investors only. Prospective investors will be required to certify they are 'qualified investors' upon application and certify their awareness of the risks involved in the investment and, in particular, the inherent risk of losing sums invested. Offering documentation and fund literature is only available upon request and not available on the XXXX website. As part of the subscription process the fund administrators check the eligibility of investors.

Annex 1 AIF Details

Please note the first entry is an example.

| Name of the AIF or AIFs / or sub-funds / compartment(s) to be marketed in the host Member State¹ | Jurisdiction of establishment of AIF and national identification number | Legal form (common fund, unit trust, investment company, partnership, other (please specify)) | Name and address of the depositary of the AIF | Name of the master AIF/ sub-fund / compartment(s) (if applicable) | Jurisdiction of establishment of the master AIF (if applicable) | AIF's investment strategy (please specify the predominant strategy and the breakdown by investment strategies as set out in the reporting template included in Regulation 231/2013) |
|--|--|--|--|--|--|--|
| XYZ Fund LLP | United Kingdom | Limited Partnership | ABC Depositary Services Street Town County | N/A | N/A | Commercial real estate |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

¹ If the AIF takes the form of an umbrella AIF with multiple sub-funds/compartments, AIFMs should only indicate the name of the sub-funds/compartments of the umbrella AIF notified for marketing. AIFMs should not indicate the name of the umbrella AIF unless it is included in the name of the sub-fund/compartment.

Annex 2 Schedule of cross-border marketing rights

Applicant name

FRN /AIFM national code

| Name of AIF | Austria | Belgium | Bulgaria | Croatia | Cyprus | Czech Republic | Denmark | Estonia | Finland | France | Germany | Greece | Hungary | Iceland * | Ireland | Italy | Latvia | Liechtenstein * | Lithuania | Luxembourg | Malta | Netherlands | Norway* | Poland | Portugal | Romania | Slovak Republic | Slovenia | Spain | Sweden | United Kingdom |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 st AIF/sub-fund/ compartment | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 nd AIF/sub-fund/ compartment applicable | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 rd AIF/sub-fund/ compartment applicable | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Note 1

With regard to any legal or regulatory requirements within your territory, for example any required fees, please liaise with the applicant firm directly using the contact details provided above as the home state regards this as a matter solely between the host competent authority and applicant firm. The home state will inform applicants of their responsibility to be aware of, and to comply with, Host State legislation at the point of application for a marketing passport but will not act as a conduit between applicant firm and host competent authority in any matter other than directly within the scope of the directive.

Note 2

The annexation of the AIFMD to the EEA agreement with the European Union has not been completed as of March 2014. Applicant firms have been instructed to ascertain from the competent authorities indicated in red the requirements to allow marketing activity in the interim period before annexation of the AIFMD into the EEA agreement.

Annex 3 Article 23/FUND 3.2.2R Disclosures: cross-referenced to documents available to potential investors

Complete one form for each AIF or sub-fund/compartment of an AIF, unless the cross-reference is applicable to more than one sub-fund or compartment of an AIF in which case please select the appropriate box below and list the sub-funds or compartments relevant to each cross-reference document. References to AIFs should be interpreted to apply to sub-funds where applicable.

Applicant name

FRN

Are the following cross-references applicable to more than one AIF/sub-fund/compartment

- No
 Yes ▶ You must provide all the **AIF /sub-fund/compartment** names below

| Regulatory reference | | AIF NAME: | Eg. XYZ Fund LLP | Document name (eg, Prospectus , PPM, Standalone Disclosure Doc) | Page # and reference |
|----------------------|----------------|---|------------------|--|----------------------|
| AIFMD art 23 | FUND 3.2.2R | Disclosure text <i>(insert text of applicable disclosure below as made available to prospective investors)</i> | | | |
| (1a) | (1a) | <i>a description of the investment strategy and objectives of the AIF;</i> | | | |
| (1a) | (1b) | <i>if the AIF is a feeder AIF, information on where the master AIF is established;</i> | | | |
| (1a) | (1c) | <i>if the AIF is a fund of funds, information on where the underlying funds are established;</i> | | | |
| (1a) | (1d) | <i>a description of the types of assets in which the AIF may invest;</i> | | | |

| | | | | |
|-------------|------|---|--|--|
| (1a) | (1e) | <i>the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks;</i> | | |
| (1a) | (1f) | <i>any applicable investment restrictions;</i> | | |
| (1a) | (1g) | <i>the circumstances in which the AIF may use leverage;</i> | | |
| (1a) | (1h) | <i>the types and sources of leverage permitted and the associated risks;</i> | | |
| (1a) | (1i) | <i>any restrictions on the use of leverage and any collateral and asset reuse arrangements; and</i> | | |
| (1a) | (1j) | <i>the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;</i> | | |
| (1b) | (2) | <i>a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;</i> | | |
| (1c) | (3) | <i>a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established;</i> | | |
| (1d) | (4) | <i>the identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;</i> | | |
| (1e) | (5) | <i>a description of how the AIFM complies with the requirements (professional negligence) relating to professional liability risk;</i> | | |
| (1f) | (6) | <i>a description of:</i> | | |
| (1f) | (6a) | <i>any AIFM management function delegated by the AIFM;</i> | | |
| (1f) | (6b) | <i>any safe-keeping function delegated by the depositary;</i> | | |
| (1f) | (6c) | <i>the identity of each delegate appointed in accordance with FUND 3.10</i> | | |

| | | | | |
|-------------|-------|---|--|--|
| | | <i>(Delegation); and</i> | | |
| (1f) | (6d) | <i>any conflicts of interest that may arise from such delegations;</i> | | |
| (1g) | (7) | <i>a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);</i> | | |
| (1h) | (8) | <i>a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;</i> | | |
| (1i) | (9) | <i>a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;</i> | | |
| (1j) | (10) | <i>a description of how the AIFM ensures a fair treatment of investors;</i> | | |
| (1j) | (11) | <i>whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:</i> | | |
| (1j) | (11a) | <i>that preferential treatment;</i> | | |
| (1j) | (11b) | <i>the type of investors who obtain such preferential treatment; and</i> | | |
| (1j) | (11c) | <i>where relevant, their legal or economic links with the AIF or AIFM;</i> | | |
| (1k) | (14) | <i>the latest annual report, in line with FUND 3.3 (Annual report of an AIF);</i> | | |
| 1(l) | (12) | <i>the procedure and conditions for the issue and sale of units or shares;</i> | | |
| (1m) | (13) | <i>the latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in line with FUND 3.9 (Valuation);</i> | | |
| (1n) | (15) | <i>where available, the historical performance of the AIF;</i> | | |
| (1o) | (16a) | <i>the identity of the prime brokerage firm;</i> | | |

| | | | | |
|-------------|-------|---|--|--|
| (1o) | (16b) | <i>a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;</i> | | |
| (1o) | (16c) | <i>the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and</i> | | |
| (1o) | (16d) | <i>information about any transfer of liability to the prime brokerage firm that may exist; and</i> | | |
| (1p) | (17) | <i>a description of how and when the information required under FUND 3.2.5R and FUND 3.2.6R will be disclosed.</i> | | |

| | |
|------------------------------|----------|
| Name | |
| Title | |
| Signature | |
| On behalf of: (Firm name) | |
| Date | dd/mm/yy |

AIFMD new fund under management notification

Name of firm

Firms reference number (FRN)

Legal entity identification code (LEI)

Purpose of this form

You should use this form if you are a:

- *full-scope UK AIFM*
- *small authorised UK AIFM* or a
- *small property UK AIFM*

that wishes to notify us of a new fund that you will manage:

You should not use this form if:

- you are a EuSEF or EuVECA manager and wish to notify us of a new fund. A dedicated form is available on the FCA website
- you are a *small AIFM* and management of the fund or funds being notified will result in you exceeding the AuM threshold. Please follow the guidance on the FCA website regarding notifying us of exceeding the AuM threshold.

Reporting of sub-funds

For the purpose of this form, any reference to AIF includes compartments or sub-funds of that AIF that exhibit all the elements in the definition of 'AIF' in article 4(1)(a) of the AIFMD (ie, 'collective investment undertaking', 'raising capital', 'number of investors' and 'defined investment policy')

Contents of this form

| | | |
|-----------|---------------------------|--------|
| Section 1 | Firm details | Page 3 |
| Section 2 | Schedule of AIFs | Page 4 |
| Section 3 | Full-scope AIFMs | Page 5 |
| Section 4 | Sub-threshold AIFMs | Page 6 |
| Section 5 | Declaration and signature | Page 8 |

Filling in the form

1. If you are using your computer to complete the form:
 - use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
 - print out the form you have completed and sign the declaration.
2. If you are filling in the form by hand:
 - use black ink
 - write clearly and
 - sign the declaration.

3. Post the application to the FCA at:

AIFMD Material Change
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

An electronic copy should also be submitted by email to AIFMDMaterialChange@fca.org.uk

1 Firm details

1.1 Contact details of the person we will get in touch with about this notification.

| | |
|----------------------|--|
| Name | |
| Position | |
| Phone number | |
| Fax number | |
| Email address | |

1.2 Which of the following apply to the AIFM?

- Full-scope UK AIFM
- Small authorised UK AIFM
- Small property UK AIFM

Note: a dedicated form is available on the FCA website for the notification of EuSEF and EuVECA funds

2

Schedule of AIFs

2.1 Please complete the 'Schedule of AIFs' with details of all new AIFs to be managed by your firm.

I confirm the Schedule of AIFs has been completed with details of all AIFs.

- ▶ Continue to Section 3 if you are a full-scope UK AIFM
- ▶ Continue to Section 4 if you are a small authorised UK AIFM or small registered AIFM

3

Full-scope AIFMs

For each AIF identified in the schedule of AIFs the firm must provide the following items to the FCA at least one month prior to the date that you intend to start managing that AIF.

- a) A copy of the rules or instruments of incorporation of the AIF.
- Attached for all AIFs.
- Attached for some AIFs (marked on the schedule of AIFs). We will provide the remainder on a date no later than one month before the date on which we will start to manage the AIF in question.
- Not attached ▶ explanation below.
-
- b) Confirmation that for each depositary listed on the schedule of AIFs, contractual arrangements are in place in accordance with FUND 3.11.19R.
- Contractual arrangements are in place with each depositary listed on the schedule for all AIFs and for each AIF listed.
- Contractual arrangements are in place with some of the depositaries/AIFs listed on the schedule of AIFs. We will provide confirmation of all contractual arrangements on a date no later than one month before the date on which we will start to manage the AIF in question. >> Please provide further details below confirming which contracts are in place.
- No contractual arrangements are in place. >> Please provide an explanation below including when you expect these contracts to be finalised.
-
- c) All information that will be made available to investors under FUND 3.2.2R.
- Attached for all AIFs.
- Attached for some AIFs (as marked on the schedule of AIFs). We will provide the remainder on a date no later than one month before the date on which we will start to manage the AIF in question.
- Not attached ▶ explanation below.
-

▶ Continue to Section 5 – Declaration and signature

4

Sub-threshold AIFMs

4.1 Please confirm whether an offering document, or an extract of an offering document covering the information referred to in article 5(2)(a) to (c) of the AIFMD level 2 regulation, has also been attached in relation to each AIF.

- Offering document attached for all AIFs.
- Extract of an offering document attached for all AIFs.
- Columns I to R in the Schedule of AIFs completed for all AIFs.**

If you can provide an offering document or an extract of an offering document that contains all of the information required by columns I to R of the schedule, then you are not required to separately complete these columns. If the offering document or extract of the offering document does not contain all of the information required in columns I to R, you must provide this information separately in the schedule of AIFs

The remainder of the section should only be completed if you specified in question 1.2 that you are a small property UK AIFM.

4.2 Please confirm whether the AIF is a collective investment scheme

- Yes ▶ Proceed to next question.
- No ▶ Please provide further details below.

Under regulation 10(3)(b)(i), an AIF managed by a small property UK AIFM must be a collective investment scheme.

4.3 Please confirm the name and FCA firm reference number of the operator of the AIF (collective investment scheme) managed by the firm.

Under regulation 10(3)(c), an AIF managed by a small property UK AIFM must be operated, or be established and operated, by a person with a Part 4A permission to carry on the regulated activity of establishing, operating or winding up a collective investment scheme.

4.4 Please confirm whether the AIF managed is an authorised fund.

Yes ▶ Please provide further details below.

No ▶ Proceed to next question.

Under regulation 10(3)(b)(ii), an AIF managed by a small property UK AIFM cannot be an authorised fund.

4.5 Please confirm whether the AIF managed holds the majority of its assets as land.

Yes ▶ Proceed to next question.

No ▶ Please provide further details below.

Under regulations 10(3)(b)(iii) and 10(7), an AIF managed by a small property UK AIFM must, other than during its first 180 days or last 180 days as an AIF, hold the majority of its assets as land, either directly, or indirectly through an entity that meets the conditions in regulation 10(3)(b)(ii) to (iv) of the AIFMD UK regulation.

4.6 Please confirm whether the AIF managed by the firm holds any investments of the kind specified for the purposes of section 22 of FSMA.

Yes ▶ Please provide further details below.

No ▶ Proceed to next section.

Under regulation 10(3)(b)(iv) and 10(8), an AIF managed by a small property UK AIFM may not hold any investment of a kind specified for the purposes of section 22 of FSMA, except contracts of insurance which relate to land held by the AIF, or shares through which the AIF holds land. For further guidance on investments of a kind specified for the purposes of section 22 of FSMA please refer to PERG 2

5

Declaration and signature

Warning

Knowingly or recklessly giving us information, which is false or misleading in a material particular, may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). We expect you to take reasonable steps to ensure the accuracy and completeness of information given to us and to tell us immediately if materially inaccurate information has been provided. It should not be assumed that information is known to us just because it is in the public domain or has previously been disclosed to us or another regulatory body. If you are not sure whether a piece of information is relevant, please include it anyway.

Data Protection

For the purpose of complying with the Data Protection Act, the personal information in this form will be used by the FCA to discharge its statutory functions under the Financial Services and Markets Act 2000, the Alternative Investment Fund Managers Regulations 2013 and other relevant legislation. It will not be disclosed for any other purposes without the permission of the firm concerned.

Declaration

By submitting this notification:

- ✓ I confirm that the information in this notification is accurate and complete to the best of my/our knowledge and belief and that I/we have taken all reasonable steps to ensure that this is the case.
- ✓ I am aware that it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.
- ✓ Some questions do not require supporting evidence. However, the records, which demonstrate the notifying firm's compliance with the rules in relation to the questions, must be available to the FCA on request.
- ✓ I will notify the FCA immediately if there is a significant change to the information given in the notification.

Tick here to confirm you have read and understood this declaration.

| | |
|---|--|
| Date | |
| Name of signatory¹ | |
| Position² of signatory | |
| Individual registration number (if applicable) | |
| Signature | |

¹ The signatory must be a suitable person of appropriate seniority at the firm.

² E.g. Director, Sole Trader, Compliance Officer, etc.

Notification of senior person amendments or removal form

Name of firm

Firm reference number (FRN)

Important information you should read before completing this form

For the purposes of complying with the Data Protection Act 1998, please note that any personal information provided to us will be used to discharge our statutory functions under the Financial Services and Markets Act 2000 (FSMA) and other relevant legislation and may be disclosed to third parties for those purposes.

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, it will call into question your suitability to be authorised/registered, and you may be committing a criminal offence and could face prosecution under section 398A of the FSMA regardless of the status of your application.

Purpose of this pack

This form is for use by firms that are:

- full-scope internally managed UK AIFMs
- EuSEF managers
- EuVECA managers.

You can use this form to notify us of:

- amendments to the details of previously notified senior persons
- removal of senior persons previously notified to the FCA.

Contents of this form

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| 1 Firm details | 3 |
| 2 Amendment to existing details | 4 |
| 3 Removal of senior person | 5 |
| 4 Supplementary information | 12 |
| 5 Declaration | 13 |

Filling in the form

- 1** If you are using your computer to complete the form:
 - use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
 - print out the form you have completed and sign the declaration.
- 2** If you are filling in the form by hand:
 - use black ink
 - write clearly and
 - sign the declaration.
- 3** If you think a question is not relevant to you, write 'not applicable' and explain why.
- 4** If you leave a question blank, do not sign the declaration, without telling us why, we will have to treat the notification as incomplete. This will increase the time taken to assess the information provided.
- 5** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.
- 6** Post the notification to the FCA at:

**Permissions Department
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS**

1 Firm details

1.1 Who should the FCA contact at the firm in relation to this notification?

| | |
|------------|--|
| Name | |
| Position | |
| Telephone | |
| Fax number | |
| E-mail | |

1.2 Type of AIFM?

- Full-scope internally managed UK AIFM
- EuSEF manager
- EuVECA manager

1.3 What is this notification for?

- Amendment to an existing senior person's details ▶ Complete sections 2, 4 and 5
- Removal of one or more senior persons ▶ Complete sections 3, 4, and 5

2

Details of AIFM senior person to be changed

2.1 FCA individual reference number (IRN)**Details to be changed****2.2 Title (eg Mr, Mrs, Ms, etc)****2.3 Surname****2.4 ALL forenames****2.5 Date of birth (dd/mm/yy)** / / **2.6 National insurance number****2.7 Passport number, if national insurance number is not applicable.****2.8 Other changes in application details and matters relating to fitness and propriety****2.9 Effective date of change (dd/mm/yy)** / / **2.10 Reason for change(s)**

Continue to section 4

3

Information on AIFM senior person(s) to be removed

3.1 How many AIFM senior person(s) are being removed?

3.2 Please list the AIFM senior person(s) that will no longer be responsible for the management of the firm, together with an effective date and reason.

| Full name of individual and their individual reference number (IRN) | End date (dd/mm/yyyy) | Reason |
|---|-----------------------|---|
| | | <input type="checkbox"/> Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Dismissal/termination of employment or contract (specify in section 4) <input type="checkbox"/> Suspension (specify in section 4) <input type="checkbox"/> Other (specify in section 4) |
| | | <input type="checkbox"/> Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Dismissal/termination of employment or contract (specify in section 4) <input type="checkbox"/> Suspension (specify in section 4) <input type="checkbox"/> Other (specify in section 4) |
| | | <input type="checkbox"/> Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Dismissal/termination of employment or contract (specify in section 4) <input type="checkbox"/> Suspension (specify in section 4) <input type="checkbox"/> Other (specify in section 4) |
| | | <input type="checkbox"/> Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/> Dismissal/termination of employment or contract (specify in section 4) <input type="checkbox"/> Suspension (specify in section 4) <input type="checkbox"/> Other (specify in section 4) |

Continue to section 4

4 Supplementary Information

4.1 Please indicate clearly which question the supplementary information relates to.

Continue to section 5

5 Declaration

Warning

It is a criminal offence to knowingly or recklessly give us information that is false or misleading. If necessary, please seek appropriate professional advice before supplying information to us.

There will be a delay in processing the application if any information is inaccurate or incomplete. And failure to notify us immediately of any significant change to the information provided may result in a serious delay in the application process.

Data protection

For the purposes of complying with the Data Protection Act, the personal information in this form will be used by the FCA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation. It will not be disclosed for any other purposes without the permission of the firm concerned.

Declaration

By submitting this notification form:

- **Knowingly or recklessly giving the FCA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000)**
- **I confirm that the information in this form is accurate and complete to the best of my knowledge and belief.**
- **I confirm that I am authorised to sign this notification on behalf of the firm.**

| | |
|--|----------|
| Name of the person signing on behalf of the firm | |
| Position | |
| Signature | |
| Date | dd/mm/yy |

Alternative Investment Fund Manager Directive (AIFMD) Material change notification

Name of alternative investment fund manager

Firm reference number (FRN)

Legal entity identification code (LEI)

Purpose of this form

You should use this form if:

(a) you are a *full-scope UK AIFM* that wishes to:

- i. notify us **before** implementation of a **material change** to the conditions for initial authorisation in accordance with implementing provisions relating to article 10.1 of the directive.
- ii. notify us of the **non-compliance of an AIF** in accordance with regulation 6 of the *HM Treasury Regulations* if you are unable to ensure compliance by an AIF you manage or by another entity on the AIF's behalf, with an implementing provision for which the AIF is responsible.
- iii. notify us of the **appointment or removal of an external valuer** in accordance with article 19 of the AIFMD.
- iv. notify us of **material changes to your risk management policy** and of the arrangements, processes and techniques in accordance with article 45 of AIFMD Level 2 Regulations.

Alternative forms are provided on the FCA website for the following notifications

- Change to information provided with management passport application
- Change to information provided with marketing application
- New fund or sub-fund notifications
- Approval for delegation of functions
- Notification of delegate and sub-delegate arrangements
- Senior person changes
- NPPR notification of material change

Contents of this form

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| Section 3 | AIF details | Page 6 |
| Section 4 | Depositaries | Page 11 |
| Section 5 | External valuer | Page 13 |
| Section 6 | Risk management policy changes | Page 15 |
| Section 7 | Declaration and signature | Page 16 |

Important information you should read before completing this form

For the purpose of this form, a change is deemed as material if there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF. This includes information that could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF. AIFMs are encouraged to assess the materiality of the change being notified against this principle.

This form has made provision for the types of the material changes the FCA anticipate will be most common, however, they should not be regarded as an exhaustive list.

- i. Changes to rules or instruments of incorporation – significant changes to rules or instruments of incorporation for an AIF.
- ii. Cease management of an AIF – you have or expect to cease your contractual arrangements to manage an AIF or the AIF is expected to go into liquidation.
- iii. Fund standing data changes – changes to fund identification data.
- iv. Changes to master or feeder fund(s) – changes to the master or feeder structure of an AIF.
- v. New investment strategy – changes to the predominant investment strategy of an AIF.
- vi. Leverage change – a change to the maximum limit of leverage for the AIFs you manage.
- vii. Depositary change- the appointment or change of function of depositaries.
- viii. Appointment of external valuer – notifications of addition and removal of external valuers.
- ix. Material changes to risk management policy and to the arrangements, processes and techniques in accordance with article 45 of AIFMD Level 2 Regulations.
- x. Non-compliance of an AIF, in accordance with Regulation 6 of the *HM Treasury Regulations*.

If you wish to notify of another type of change which you consider material, please provide a description of the change including your reasons for treating the change as material.

In accordance with regulation 7 of the AIFMD HM Treasury Regulations, the FCA will inform you within one month of receiving a notification of material change under article 10 if we decide to exercise a power to prevent the implementation of, or impose restrictions in relation to, the proposed changes. The FCA may extend this period by up to one month where we consider this to be necessary because of the specific circumstances of the case, having notified you accordingly. If you do not receive a reply from us within one month of submitting this notification, you may implement the changes.

Reporting of sub-funds

For the purpose of this form any reference to AIF includes compartments or sub-funds of that AIF that exhibits all the elements in the definition of 'AIF' in article 4(1)(a) of the AIFMD (ie, 'collective investment undertaking', 'raising capital', 'number of investors' and 'defined investment policy')

Submit the form by email to AIFMDMaterialChange@fca.org.uk

Alternatively you may post the application to the FCA at:

AIFMD Material Change
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

Sections to be completed

What sections should you complete?

| | | | | |
|--|---|---|---|---|
| <input type="checkbox"/> Changes to rules or instruments of incorporation ▶ <i>*Please attach rules or instruments of incorporation</i> | 1 | 2 | 3 | 7 |
| <input type="checkbox"/> Cease management of an AIF ▶ | 1 | 2 | 3 | 7 |
| <input type="checkbox"/> Fund standing data changes ▶ | 1 | 2 | 3 | 7 |
| <input type="checkbox"/> Changes to master or feeder fund(s) ▶ | 1 | 2 | 3 | 7 |
| <input type="checkbox"/> New investment strategy ▶ | 1 | 2 | 3 | 7 |
| <input type="checkbox"/> Leverage change ▶ | 1 | 2 | 3 | 7 |
| <input type="checkbox"/> Depositary change ▶ | 1 | 2 | 4 | 7 |
| <input type="checkbox"/> Other material changes under article 10 ▶ | 1 | 2 | 3 | 7 |
| <input type="checkbox"/> Appointment of external valuer ▶ | 1 | 2 | 5 | 7 |
| <input type="checkbox"/> Risk management policy change notification ▶ | 1 | 2 | 6 | 7 |
| <input type="checkbox"/> Non-compliance of AIF ▶ | 1 | 2 | 7 | |

Please indicate if a fund impacted by this change is subject to any of the following UK permissions. Please follow the relevant link(s) for guidance on reporting material change to these regimes.

- AIFMD management passport ▶
- AIFMD marketing ▶
- Authorised fund ▶
- Prospectus Directive ▶

Please indicate if there are any changes to your previously notified approved persons or senior persons as a result of the material change being notified. Please ensure that you have completed the relevant forms for these changes. Please see links provided.

- Approved persons ▶
- Senior persons ▶

1

AIFM identification details

1.1 Contact person for this notification

| | |
|---------------|--|
| Name | |
| Position | |
| Phone number | |
| Fax number | |
| Email address | |

2 Notification details

2.1 Is this a planned change?

- No ▶ Continue to Question 2.2
- Yes ▶ You must notify the FCA of the material change at least one month before the change takes effect.

2.2 Effective date of the material change (dd/mm/yyyy)

| | | | | | | | | | |
|----------------------|----------------------|---|----------------------|----------------------|---|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | / | <input type="text"/> | <input type="text"/> | / | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
|----------------------|----------------------|---|----------------------|----------------------|---|----------------------|----------------------|----------------------|----------------------|

2.3 Please provide a description of the situation being notified**2.4 Please provide a reason for the change****2.5 Please describe why you have deemed this change to be material**

3

AIF Details

Complete this section if you are reporting a material change to a fund.

Section A: General information

Enter the identifying information of the AIF that has materially changed.

3.1 Legal name of AIF

3.2 Fund national identification code

3.3 Legal entity identification code (LEI) of AIF

3.4 Date AIFM began managing this fund (dd/mm/yyyy)

 / /

Section B: Cease management of fund

Complete section B if you are notifying us of the termination of management of an AIF.

3.5 Date AIFM ceased/will cease management of this fund (dd/mm/yyyy)

 / /

3.6 Reason AIFM ceased/will cease to manage this fund

Section C: Material changes to an AIF

Complete each question in section C **only if the item has changed**.

| | Before change | After change |
|-------------|---|---|
| 3.7 | Legal name of AIF | |
| 3.8 | Country of establishment | |
| 3.9 | International Securities Identification Number (ISIN) | |
| 3.10 | Commodities on Uniform Securities Identification Procedures Number (CUSIP) | |
| 3.11 | Stock Exchange Daily Official List code (SEDOL) | |
| 3.12 | Bloomberg (ticker) code | |
| 3.13 | Reuters Instrument Code (RIC) | |
| 3.14 | European Central Bank Code | |
| 3.15 | Legal status of the AIF Examples: limited company, partnership, trust | |
| 3.16 | UK authorisation status <input type="checkbox"/> Authorised AIF <input type="checkbox"/> Unauthorised AIF | <input type="checkbox"/> Authorised AIF <input type="checkbox"/> Unauthorised AIF |
| 3.17 | Regulatory status <input type="checkbox"/> Charity fund – common investment fund <input type="checkbox"/> Charity fund – common deposit fund <input type="checkbox"/> Qualified investor scheme <input type="checkbox"/> Non UCITS retail scheme <input type="checkbox"/> None applicable | <input type="checkbox"/> Charity fund – common investment fund <input type="checkbox"/> Charity fund – common deposit fund <input type="checkbox"/> Qualified investor scheme <input type="checkbox"/> Non UCITS retail scheme <input type="checkbox"/> None applicable |
| 3.18 | Capital structure <input type="checkbox"/> Open <input type="checkbox"/> Closed | <input type="checkbox"/> Open <input type="checkbox"/> Closed |
| 3.19 | Is this fund a sub fund? <input type="checkbox"/> No <input type="checkbox"/> Yes ▶ Please provide the national competent authority identifier of the umbrella fund | <input type="checkbox"/> No <input type="checkbox"/> Yes ▶ Please provide the national competent authority identifier of the umbrella fund |

Section D: Master/feeder information

Complete section D if you are reporting a material change to the master or feeder structure of an AIF.

If you are notifying us of changes concerning more than four master or feeder funds in question 3.20 or 3.21 below, please use a separate sheet of paper and indicate how many have been used below.

| | |
|-----------------------------|--|
| Number of additional sheets | |
|-----------------------------|--|

3.20 Has the fund ceased to be a feeder or master AIF?

- No ▶ Complete question **3.21**
- Yes, the fund is no longer a feeder AIF to a previously notified master AIF ▶ Please provide details of the previous master AIF below
- Yes, the fund is no longer a master AIF to previously notified feeder AIF(s) ▶ Please provide details of all the previous feeder AIFs below

| Legal name of fund | Fund national identification Code |
|--------------------|-----------------------------------|
| | |
| | |
| | |
| | |

3.21 Has the fund become a feeder or master AIF?

- No ▶ Complete question **3.22**
- Yes, the fund has a new master AIF ▶ Please provide details of the master AIF below
- Yes, the fund has a new feeder AIF(s) ▶ Please provide details of all the feeder AIFs below

| Legal name of fund | National identification code | Country of establishment | AIFM legal name *for master AIFs only | AIFM country of establishment *for master AIFs only |
|--------------------|------------------------------|--------------------------|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Section E: Investment strategy

Complete Section E if the **predominant** investment strategy of the AIF or sub-fund has materially changed.

| | | Before change | After change |
|-------------|--|---|---|
| 3.22 | What is the predominant AIF type? | <input type="checkbox"/> Hedge fund <input type="checkbox"/> Private equity <input type="checkbox"/> Real estate <input type="checkbox"/> Fund of fund <input type="checkbox"/> Other | <input type="checkbox"/> Hedge fund <input type="checkbox"/> Private equity <input type="checkbox"/> Real estate <input type="checkbox"/> Fund of fund <input type="checkbox"/> Other |

3.23 What are the sub strategies of the AIF?

Indicate the main sub-strategy employed by the AIF for the new predominant investment strategy, if the predominant investment strategy has changed.

| Predominant investment type | Sub-strategies | |
|-----------------------------|---|--|
| Hedge fund | <input type="checkbox"/> Equity: long bias <input type="checkbox"/> Equity: long/short <input type="checkbox"/> Equity: market neutral <input type="checkbox"/> Equity: short bias <input type="checkbox"/> Relative value: fixed income arbitrage <input type="checkbox"/> Relative value: convertible bond arbitrage <input type="checkbox"/> Relative value: volatility arbitrage <input type="checkbox"/> Event driven: distressed/restructuring | <input type="checkbox"/> Event driven: risk arbitrage/merger arbitrage <input type="checkbox"/> Event driven: equity special situations <input type="checkbox"/> Credit: long/short <input type="checkbox"/> Credit: asset-based lending <input type="checkbox"/> Macro <input type="checkbox"/> Managed futures/CTA: fundamental <input type="checkbox"/> Managed futures/CTA: quantitative <input type="checkbox"/> Multi-strategy hedge fund <input type="checkbox"/> Other hedge fund strategy |
| Private equity | <input type="checkbox"/> Venture capital <input type="checkbox"/> Growth capital <input type="checkbox"/> Mezzanine capital | <input type="checkbox"/> Multi-strategy private equity fund <input type="checkbox"/> Other private equity fund strategy |
| Real estate | <input type="checkbox"/> Residential real estate <input type="checkbox"/> Commercial real estate <input type="checkbox"/> Industrial real estate | <input type="checkbox"/> Multi-strategy real estate <input type="checkbox"/> Other real estate strategy |
| Fund of fund | <input type="checkbox"/> Fund of hedge funds <input type="checkbox"/> Other fund of funds | <input type="checkbox"/> Fund of private equity |
| Other | <input type="checkbox"/> Common fund <input type="checkbox"/> Equity fund <input type="checkbox"/> Fixed income fund | <input type="checkbox"/> Infrastructure fund <input type="checkbox"/> Other fund |

Section F: Maximum leverage

Complete section F if you have extended the maximum level of leverage you will employ on behalf of the AIF.

| | Before change | After change |
|------|---|--------------|
| 3.24 | What is the maximum leverage as calculated under the gross method? | |
| 3.25 | What is the maximum leverage as calculated under the commitment method | |
| 3.26 | Has the firm set out in the leveraging arrangement, where that arrangement allows the right to reuse collateral or the granting of a guarantee, the extent of that right or guarantee? | |
| | <input type="checkbox"/> Yes <input type="checkbox"/> No ▶ Please provide details | |
| 3.27 | Is the firm able to demonstrate that in establishing a maximum level of leverage it has taken into account relevant matters including: (a) the type of AIF (b) the investment strategy of the AIF (c) the sources of leverage of the AIF (d) any other link or relevant relationship with other financial services institutions which could pose systemic risk (e) the need to limit the exposure to any single counterparty (f) the extent to which the leverage is collateralised (g) the asset-liability ratio and (h) the scale, nature and extent of the activity of the AIFM on the markets concerned? | |
| | <input type="checkbox"/> Yes <input type="checkbox"/> No ▶ Please provide details | |
| 3.28 | Is the firm able to demonstrate that the maximum level of leverage it has set is reasonable? | |
| | <input type="checkbox"/> Yes <input type="checkbox"/> No ▶ Please provide details | |
| 3.29 | Is the firm able to demonstrate that it will comply with this maximum limit at all times? | |
| | <input type="checkbox"/> Yes <input type="checkbox"/> No ▶ Please provide details | |

4

Depositaries

Complete section 4 if are notifying us of the appointment, removal or change of function of a depositary that acts for an AIF that you manage

We must be satisfied that depositary arrangements meet all relevant requirements in article 21 of the directive. The directive requires that:

- a full-scope UK AIFM of UK and EEA AIFs must ensure a single depositary is appointed for each AIF that it manages and
- a full-scope UK AIFM of the following type of AIFs being marketed in the UK must ensure one or more entities are appointed to carry out the duties referred to in article 21(7), (8) and (9) of the AIFMD:
 - a) non-EEA AIFs
 - b) UK or EEA AIFs that are feeder AIFs, the master AIF of which is a non-EEA AIF or managed by a non-EEA AIFM

References to a 'depositary' include an entity appointed to carry out the duties under article 21(7), (8) and (9) of the AIFMD and responses should be tailored accordingly.

Instruction for detailing changes to depositary arrangements in question 4.1 to 4.8:

- a) **In your answer to question 4.6, please provide a summary of the due diligence that you have performed on the depositary to be satisfied that the depositary arrangements will comply with the requirements of the AIFMD. If you have not yet completed due diligence, please describe what steps you will take prior to the appointment of the depositary.**
- b) **Please confirm that you consent to the FCA contacting each depositary identified to discuss the depositary arrangements and, if necessary, disclosing information regarding your notification. You may also wish to contact your depositary to confirm they may discuss any depositary arrangements they have made with your firm.**

Yes, we consent to the FCA contacting each depositary identified in section 4 and disclosing information regarding this notification if necessary.

No, we do not consent to the FCA contacting each depositary identified in section 4 >> Provide details of when the FCA can contact each depositary below.

| Name of depositary | Contact timings for the FCA |
|--------------------|-----------------------------|
| | |
| | |
| | |

If you are notifying us of changes concerning more than one depositary please use a separate sheet of paper and indicate how many have been used below.

| | |
|-----------------------------|--|
| Number of additional sheets | |
|-----------------------------|--|

4.1 Indicate the type of change you are notifying us of

- Addition of depositary Removal of depositary Change of function

4.2 Legal name of the depositary

4.3 National identifier of the depositary

4.4 National competent authority of the depositary

4.5 AIFs affected by the depositary arrangement (list AIF names and identifiers)

4.6 Due diligence completed? (Complete for depositary additions only)

- Yes ▶ Provide a summary of the due diligence performed
 No ▶ Please explain why, describe the steps you will take prior to the appointment of the depositary

4.7 Contractual arrangements are in place with the depositary for all AIFs listed in accordance with FUND 3.11.19R (Complete for depositary additions only)

- Yes ▶ Continue
 No ▶ Please explain why

4.8 If notifying a change of function please indicate the change below

| Functions performed <i>before</i> change | Functions performed <i>after</i> change |
|--|--|
| <input type="checkbox"/> Full-scope depositary | <input type="checkbox"/> Full-scope depositary |
| <input type="checkbox"/> Cash monitoring | <input type="checkbox"/> Cash monitoring |
| <input type="checkbox"/> Safe keeping | <input type="checkbox"/> Safe keeping |
| <input type="checkbox"/> Oversight | <input type="checkbox"/> Oversight |

5

External valuers

Complete section 5 if you are notifying us of the appointment or removal of an external valuer

5.1 Details of the external valuer.

If you are notifying us of changes concerning more than one external valuer please use a separate sheet of paper.

If you have used separate sheets of paper please indicate how many valuers you have detailed below.

| | |
|---------------------------------------|--|
| Number of additional external valuers | |
|---------------------------------------|--|

5.2 Detail of the external valuer.

| | | |
|--|-------------------------------------|--|
| Action | <input type="checkbox"/> Add valuer | <input type="checkbox"/> Remove valuer |
| Legal name of valuer | | |
| Legal entity identifier | | |
| National identifier | | |
| Country of establishment | | |
| Address | | |
| Postcode | | |
| AIFs affected by valuer arrangement AIF identifier(s) / name(s) | | |

- i) **Is the external valuer a person that is independent from:**
(a) the AIF in respect of which the valuation function is performed
(b) the AIFM and
(c) any other persons with close links to the AIF or the AIFM?

- Yes
 No ▶ Please explain why

- ii) **If the depositary has been appointed as an external valuer, has the firm established that:**
(a) it has functionally and hierarchically separated the performance of its depositary functions from its tasks as an external valuer and
(b) the potential conflicts of interests are properly identified, managed, monitored and disclosed to the investors of the AIF?

- Not applicable
 Yes
 No ▶ Please explain why

- iii) **Is the external valuer able to demonstrate that:**
(a) it is subject to mandatory professional registration recognised by law or to legal or regulatory provisions or rules of professional conduct
(b) it can provide sufficient professional guarantees to be able to perform the relevant valuation function effectively under this section and
(c) the appointment of the external valuer complies with the requirements of the general delegation arrangements in FUND 3.10.2R and the AIFMD level 2 regulation?

- Yes
 No ▶ Please explain why

6

Risk management policy changes

Complete section 6 if you wish to notify us of a material change to your risk management policy or to the arrangements, processes and techniques employed for risk management and measurement in accordance with article 41 of AIFMD Level 2 Regulation.

6.1 Please provide details of the material change(s) to your risk management policy or the arrangements, processes and techniques employed for risk measurement and management?

6.2 Please confirm that your risk management policy and the arrangements, processes and techniques employed for risk measurement and management comply with requirements of AIFMD.

- Yes
 No ▶ Please explain why

7 Declaration

Warning

Knowingly or recklessly giving us information, which is false or misleading in a material particular, is a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). Our rules (SUP 15.6.4R) require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to us and to tell us immediately if materially inaccurate information has been provided. Contravening these requirements may lead to disciplinary sanctions or other enforcement action by us. It should not be assumed that issues are known to us just because they are in the public domain or have previously been disclosed to us or another regulatory body. If you are not sure whether a piece of information is relevant, please include it anyway.


Data protection

For the purposes of complying with the Data Protection Act, the personal information in this form will be used by the FCA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation. It will not be disclosed for any other purposes without the permission of the firm concerned.

Declaration

By submitting this notification form:

- ✓ I confirm that the information in this application is accurate and complete to the best of my/our knowledge and belief and that I/we have taken all reasonable steps to ensure that this is the case.
- ✓ I am aware that it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.
- ✓ Some questions do not require supporting evidence. However, the records, which demonstrate the notifying firm's compliance with the rules in relation to the questions, must be available to the FCA on request.
- ✓ I will notify the FCA immediately if there is a significant change to the information given in this notification.

| | |
|---|---|
| Date | |
| Name of signatory¹ | |
| Position² of signatory | |
| Individual registration number (if applicable) |  |
| Signature | |

¹ The signatory must be a suitable person of appropriate seniority at the firm.

² e.g. Director, Sole Trader, Compliance Officer, etc.

Notice of sub-threshold AIFM exceeding AuM limit

Name of alternative investment fund manager

Firm reference number (FRN)

Purpose of this pack

This form is only for existing sub-threshold AIFMs who are making a notification in regard to AuM exceeding the relevant threshold limit.

This form is therefore applicable to:

- small authorised UK AIFMs
- small registered UK AIFMs and
- EuSEF managers and EuVECA managers who may be both a small registered UK AIFM and/or a small authorised UK AIFM

where the value of assets under management exceeds:

- €500 million in total in cases where the portfolio of AIFs consist of AIFs that are unleveraged and have no redemption rights exercisable during a period of five years following the date of initial investment of each AIF or
- €100 million in total in other cases, including any asset acquired through the use of leverage.

For the purpose of the thresholds, an AIFM may be the AIFM of an AIF whether it manages the AIF directly, or indirectly through a company with which the AIFM is linked by common management or control, or by a substantive direct or indirect holding. Furthermore, AuM should be calculated in accordance with article 2 of the AIFMD Commission Delegated Regulations [EU 231/2013].

Contents of this form

| | |
|---------------------------------------|---|
| 1 Firm details | 4 |
| 2 Details of sub-threshold AIFM's AuM | 5 |
| 3 Declaration | 7 |

Purpose of this pack

Your attention is drawn to the prescriptive timeframes in which a notification must be submitted to the FCA.

- **Notification of temporary status** – without delay from when the AuM was first identified as temporarily above the sub-threshold limit.
- **Verification of temporary status – three months** from when the AuM was first identified as being temporarily above the sub-threshold limit.
- **Notification of permanent status** – both the notification and the application for full-scope AIFM authorisation should be sent without delay but in any event no later than **30 calendar days** from when the AuM was first identified as being permanently above the sub-threshold limit.

Failure to comply with these timeframes may lead the FCA to commence suspension or revocation of permission procedures against the AIFM.

When assessing whether AuM exceeds the sub-threshold limit on a temporary or permanent basis, the AIFM should consider anticipated subscription and redemption activity or, where applicable, capital draw-downs and distribution. Anticipated market movements should not, however, be used as part of this assessment. Furthermore, the AIFM should have regard to the extent to which the threshold has been exceeded and the frequency of any previous occurrences in the last year when determining whether the basis is likely to be of a permanent nature.

Where an AIFM provides a satisfactory rationale for the situation being temporary, it is not required to notify the FCA at the point of resolution. Instead, it need only validate this by providing the total assets under management figure at the point three months after the temporary situation was first identified. By contrast if, during the three-month verification period, the AIFM identifies the circumstances have changed such that the status has altered from being temporary to permanent it should submit a Notification of permanent status, as outlined above, and not wait until the end of the three-month verification period.

In the case of a permanent status, during the interim period between submitting a variation of permission application for full-scope authorisation status and having the application determined by the FCA, the AIFM is permitted to carry on managing its AIFs without restriction. If, for whatever reason, the total value of assets under management falls below the relevant threshold during the interim period and before determination then the FCA may consider requests to withdraw the application on a case-by-case basis.

EuSEF and EuVECA managers should note that rights under the EuSEF and/or EuVECA Regulations largely fall away at the point that the FCA grants full-scope authorisation status to the firm. While any AIFs previously granted EuSEF and/or EuVECA status are able to retain the EuVECA and/or EuSEF designations, the AIFM will need to apply for a fresh set of passports if it wishes to manage or market these AIFs in one or more EEA states.

Words and phrases used in this form have the same meaning as in the FCA's Handbook, unless stated otherwise. References to Regulations are to the AIFMD UK Regulation or the EuSEF/EuVECA Regulations as applicable.

Sub-threshold AIFMs seeking authorisation to become a full-scope UK AIFM as a consequence of a permanent status will find the Variation of Permission application form on the FCA website at <http://www.fca.org.uk/uk-aifms>

Filling in the form

- 1** If you are using your computer to complete the form:
 - use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
 - print out the form you have completed and sign the declaration.
- 2** If you are filling in the form by hand:
 - use black ink
 - write clearly and
 - sign the declaration.
- 3** If you think a question is not relevant to you, write 'not applicable' and explain why.
- 4** If you leave a question blank, do not sign the declaration without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.
- 5** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.
- 6** Post this application to the FCA at:
AIFMD Firm Supervision
Asset Management Department
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

An electronic copy should also be submitted by email to AIFMDFirmSupervisionTriage@fca.org.uk

1 Firm details

1.1 Contact details of the person we will get in touch with about this notification.

| | |
|-----------------------------------|--|
| Title | |
| First names | |
| Surname | |
| Position | |
| Phone number (including STD code) | |
| Mobile number (optional) | |
| Fax number (including STD code) | |
| Email address | |

1.2 Which of the following apply to the AIFM? (tick all that apply)

- Small authorised UK AIFM
- Small registered UK AIFM
- EuSEF manager or EuVECA manager

2

Details of sub-threshold AIFM's AuM

2.1 What is the notice for?

- Temporary status – please answer sections A and B
- Three-month verification of temporary status – please answer sections A and C
- Permanent status – please answer sections A and D

Please note section A (questions 2.2 to 2.5) is mandatory for all notifications

SECTION A – AuM details

2.2 Total assets under management at valuation date (converted to €)

€

2.3 Valuation date (dd/mm/yyyy)

/ /

2.4 Which threshold is relevant to this notification?

For the purpose of this question, total AuM should be calculated in accordance with article 2 of the AIFMD Commission Delegated Regulations [EU 231/2013]

- €500 million – total portfolio consists of AIFs unleveraged with no redemption rights exercisable during a period of five years following the date of initial investment in each AIF
- €100 million – total portfolio in all other cases, including any assets acquired through the use of leverage

2.5 Description of situation (this field will expand automatically)

SECTION B – AuM temporarily above sub-threshold limit

2.6 On what date was the AuM first identified as temporarily above the sub-threshold limit? (dd/mm/yyyy)

/ /

2.7 Please provide the reasons for regarding the status as temporary (this field will expand automatically)

2.8 You are obliged to submit a revised Total assets under management valuation three months after the initial identification date to verify the situation has been resolved, or else submit a revised notification

advising of a permanent status if this is identified earlier. Please tick the following box to confirm your understanding.

I confirm I understand my ongoing obligations in relation to AuM being temporarily above the sub-threshold limit

SECTION C – Verification of AuM three months after initial identification date

Please note section D should instead be completed if AuM remains above the sub-threshold limit after a period of three months from the date of initial identification.

2.9 Please describe how the temporary status of AuM above sub-threshold limit has been resolved (this field will expand automatically)

2.10 On what date was the temporary status resolved? (dd/mm/yyyy)

| | | | | | | | | | |
|--|--|---|--|--|---|--|--|--|--|
| | | / | | | / | | | | |
|--|--|---|--|--|---|--|--|--|--|

2.11 Please agree to the following

I confirm the value entered in question 2.2 is a true and accurate value of the AIFM's AuM on the valuation date – being three months after the temporary status was first identified.

I confirm the previously reported situation has now been resolved

SECTION D – AuM permanently above sub-threshold limit

2.12 On what date was the AuM first identified as being permanently above the sub-threshold limit? (dd/mm/yyyy)

| | | | | | | | | | |
|--|--|---|--|--|---|--|--|--|--|
| | | / | | | / | | | | |
|--|--|---|--|--|---|--|--|--|--|

2.13 Please agree to the following

I confirm the value entered in question 2.2 is a true and accurate value of the AIFM's assets under management on the valuation date

I wish to notify of AuM being permanently above the sub-threshold limit

I understand it will be necessary to apply for a variation of permission to become a full-scope UK AIFM in order to continue conducting this business

I understand the variation of permission application must be submitted to the FCA no later than 30 days after the date when the permanent status was first identified.

3 Declaration

Warning

It is a criminal offence to knowingly or recklessly give us information that is false or misleading. If necessary, please seek appropriate professional advice before supplying information to us.

There will be a delay in processing the application if any information is inaccurate or incomplete. And failure to notify us immediately of any significant change to the information provided may result in a serious delay in the application process.

Data protection

For the purposes of complying with the Data Protection Act, the personal information in this form will be used by the FCA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation. It will not be disclosed for any other purposes without the permission of the firm concerned.

Declaration

By submitting this notification form:

- **I confirm that I understand it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.**
- **I confirm that the information in this form is accurate and complete to the best of my knowledge and belief.**
- **I confirm that I am authorised to sign on behalf of the firm.**

| | |
|--|----------|
| Name | |
| Position | |
| Individual registration number (if applicable) | |
| Signature | |
| Date | dd/mm/yy |

Small registered AIFM change form

Firm name

Firms reference number (FRN)

Important information you should read before completing this form

For the purposes of complying with the Data Protection Act 1998, personal information in this form will be used by the FCA to discharge functions under the Alternative Investment Fund Managers Regulations 2013 and any other applicable regulatory functions. It will not be disclosed for any other purposes without the permission of the firm.

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, you may be committing a criminal offence and it may increase the time taken to process this form.

Purpose of this pack

Please use this form to notify us of changes to your registration as a small registered UK AIFM, this includes registration as a EuSEF manager or EuVECA manager.

If you wish to notify us that you have exceeded the relevant threshold of assets under management for *small AIFMs* please use the notice of sub-threshold AIFM exceeding AuM limit form.

Contents of this form

| | | |
|---|--|-----|
| 1 | Contact details | 3 |
| 2 | Add or remove individuals for the management of the firm | 4-5 |
| 3 | Cease to satisfy conditions of registration | 6 |
| 4 | Declaration | 7 |

Filling in the form

- 1** If you are using your computer to complete the form:
 - use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
 - print out the form you have completed and sign the declaration.
- 2** If you are filling in the form by hand:
 - use black ink
 - write clearly and
 - sign the declaration.
- 3** If you think a question is not relevant to you, write 'not applicable' and explain why.
- 4** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.
- 5** Post the application to the FCA at:
Permissions Department
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

1 Firm contact details

Firm details

1.1 Contact details of the person we will get in touch with about this notification.

| | |
|---|--|
| Title | |
| First name(s) | |
| Surname | |
| Job title | |
| Business address | |
| Postcode | |
| Phone number (including STD code) | |
| Email address | |

1.2 Type of small registered AIFM?

- Small internal UK AIFM
 Small property UK AIFM
 EuSEF manager
 EuVECA manager

1.3 What is this notification for?

- Add or remove Individual(s) responsible for the management of the firm
 (only if you are a small internal UK AIFM or a small property UK AIFM)
 - ▶ Complete sections 2 and 4 Notification of ceasing to satisfy the conditions of registration
 - ▶ Complete sections 3 and 4

2 Add or remove individuals responsible for the management of the firm

The approved persons regime is not applicable to the registration process. However, we do still need information relating to the individuals who are responsible for the management and operation of the AIFM even where they are not approved persons.

If you are a small internal UK AIFM or a small property AIFM, you may add or remove individuals responsible for the management of the firm from your registration below.

If you are a EuVECA or EuSEF manager, please complete the Senior person's change form.

3.1 Please give details of any individuals you wish to add to your registration below.

| Full name | Date of birth (dd/mm/yyyy) | IRN |
|-----------|----------------------------|-----|
| | | |
| | | |
| | | |
| | | |

3.2 Have any of the individuals listed in Question 3.1 been convicted of any offence involving fraud or dishonesty, or any indictable offence. For this purpose "offence" includes any act of omission which would have been an offence if it had taken place in the United Kingdom?

Please note that you are not required to make any disclosure in relation to a spent conviction and neither are you required to provide details on circumstances ancillary to a spent conviction where this is provided for in the Rehabilitation of Offenders Act 1974 and subordinate legislation.

- No ▶ Continue to Question 3.3
 Yes ▶ You must provide details below

3.3 Are any of the individuals listed in Question 3.1 subject to a prohibition order?

- No ▶ Continue to Question 3.4
- Yes ▶ You must provide details below

3.4 Do you wish to remove any individuals responsible for the management of the firm from your registration?

- No ▶ Continue to section 5
- Yes ▶ You must provide details below

| Name | Date of birth dd/mm/yyyy | IRN | End Date dd/mm/yyyy |
|------|-----------------------------|-----|------------------------|
| | | | |
| | | | |
| | | | |

Continue to section 4

3

Cease to satisfy conditions of registration

4.1 Please tell us how you have ceased to satisfy the conditions of registration

4.2 Date that this event first occurred (dd/mm/yyyy)

| | | | | | | | | | |
|--|--|---|--|--|---|--|--|--|--|
| | | / | | | / | | | | |
|--|--|---|--|--|---|--|--|--|--|

Continue to section 4

4 Declaration

It is a criminal offence to knowingly or recklessly give us information that is false or misleading. If necessary, please seek appropriate professional advice before supplying information to us.

There will be a delay in processing this notification if any information is inaccurate or incomplete. And failure to notify us immediately of any significant change to the information provided may result in a serious delay in the application process.

- **I understand it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.**
- **I confirm that the information in this form is accurate and complete to the best of my knowledge and belief.**
- **I confirm that I am authorised to sign on behalf of the firm.**

| | |
|-----------|----------|
| Name | |
| Position | |
| Signature | |
| Date | dd/mm/yy |

EuSEF and EuVECA marketing notifications

Name of firm:

Important information you should read before completing this form

This form is **only** for AIFMs that are registered under the **EuSEF regulation (Regulation (EU) No. 2013/346)** or the **EuVECA regulation (Regulation (EU) No. 2013/345)**.

Other categories of small registered UK AIFMs, sub-threshold AIFMs seeking to notify us of new funds have a dedicated application form which is available on the FCA website at <http://www.fca.org.uk/firms/markets/international-markets/aifmd>.

You should use this form to:

- a) to notify us of your intention to market a new fund under article 16 of the EuSEF regulation or article 15 of the EuVECA Regulations
- b) to notify us of your intention to market an existing EuSEF or EuVECA fund to a new jurisdiction
- c) to notify us of your intention to cease managing a EuSEF or EuVECA fund
- d) to notify us of your intention to cease marketing a EuSEF or EuVECA to a jurisdiction that you currently market to.

References to the 'AIFMD UK Regulation' are to the Treasury's Alternative Investment Fund Managers Regulations 2013, the 'EuSEF regulation' to Regulation (EU) No. 346/2013 and the 'EuVECA regulation' to Regulation (EU) No. 345/2013.

Reporting of sub-funds

For the purpose of this form, any reference to AIF includes compartments or sub-funds of that AIF that exhibits all the elements in the definition of 'AIF' in article 4(1)(a) of the AIFMD (ie, 'collective investment undertaking', 'raising capital', 'number of investors' and 'defined investment policy')

Applications should be submitted by post to:

The Permissions Department
 The Financial Conduct Authority
 25 The North Colonnade
 Canary Wharf
 LONDON E14 5HS

An electronic copy should also be submitted by email to AIFMDAuthorisations@fca.org.uk.

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1. Contact details for this notification

We need this information in case we need to contact you when we assess this notification.

1.1 Details of the person we should contact about this notification.

| | |
|------------------|--|
| Name | |
| Job title | |
| Business address | |
| | |
| | |
| | |
| Postcode | |
| Phone number | |
| Email address | |

2. Alternative investments funds (AIFs) managed by AIFM

Please complete this section if you are notifying us of a new fund that you manage.

2.1 Please complete the template spreadsheet 'Schedule of registered AIFs' with details of all new or amended AIFs being notified.

The schedule of registered AIFs has been completed and attached.

2.2 Please confirm whether an offering document, or an extract of an offering document covering the information in article 5(2)(a) to (c) of the AIFMD level 2 regulation, has also been attached in relation to each new AIF.

Offering document attached for all AIFs.

Extract of an offering document attached for all AIFs.

Columns I to R completed for all AIFs.

If you provide an offering document or an extract of an offering document that contains all of the information required by columns I to R of the schedule, then you are not required to separately complete these columns. If the offering document or extract of the offering document does not contain all of the information required in columns I to R, you must provide this information separately in the schedule referred to in question 2.2 above.

2.3 Please confirm the total assets under management relating to all AIFs to which you will be appointed AIFM, excluding any AIFs subject to transitional arrangements under regulations 74 and 75. This should be calculated as set out in article 2 of the AIFMD level 2 regulation.

2.4 Please confirm that the combined assets of AIFs to which you will be appointed as AIFM will be within the €500 million threshold set out in regulation 9(1)(a).

Yes ▶ Proceed to next section.

No ▶ Please provide further details below.

2.5 Can the firm demonstrate that the fund will be marketed exclusively to investors who are considered to be one of the following.

- a. Professional clients in accordance with section 1 of Annex II to the Markets in Financial Instruments Directive (MiFID) 2004/39/EC, or which may, on request, be treated as professional clients in accordance with section II of Annex II to MiFID?**
- b. Investors that commit to invest a minimum of €100,000 and state in writing in a separate document from the contract that is concluded for the commitment to invest, that they are aware of the risks associated with the envisaged commitment?**
- c. Executives, directors or employees involved in the management of a EuVECA manager when investing in the EuVECAs that they manage?**

- Yes ▶ Please provide further details below including explanation on compliance
- No ▶ Please explain why

3. EuSEF designation

Complete this section if your notification concerns a EuSEF fund

We must be satisfied that the funds you manage will meet all relevant conditions for qualifying as a European social entrepreneurship fund ("EuSEF").

Note: Please ensure that a separate copy of this section has been filled in for each intended qualifying social entrepreneurship fund being notified. You may generate additional copies of this section of the form by printing this section multiple times.

| | |
|-------------------|--|
| EuSEF name | |
|-------------------|--|

3.1 Please indicate the type of notification you wish to make in respect of this fund

- intention to manage and market a new fund ▶ Proceed to next question
- intention to market this existing fund to a new jurisdiction ▶ Continue to section 4
- intention to cease marketing in the jurisdictions indicated in section 4
▶ Continue to section 4
- intention to cease managing this fund ▶ Please say why management of this fund has/will cease and continue to section 6

Note: The FCA will inform you within 20 working days of receiving the notification if we determine that the fund is not a qualifying social entrepreneurship fund under article 16 of the EuSEF Regulation.

3.2 Please provide details of the overall social outcomes targeted by the fund and the methods used to measure these targeted outcomes.

For examples of relevant criteria for these purposes, see article 10(1) of the EuSEF regulation.

3.3 Please confirm that for the fund, at least 70% of the aggregate capital contributions and uncalled committed capital are intended to be invested in assets that are classified as qualifying investments, in line with article 3(1)(e) of the EuSEF regulation.

- Yes ▶ Please provide further details below.
- No ▶ Please note that funds that do not fulfil this criterion are not able to be designated as a EuSEF.

3.4 Please confirm that, for the fund, no more than 30% of the aggregate capital contributions and uncalled capital will be used for acquisition of assets other than qualifying investments.

- Yes ▶ Please provide further details below.
- No ▶ Please note that funds that do not fulfil this criterion are not able to be designated as a EuSEF.

Details on the calculation of the 30% threshold can be found under article 5(1) of the EuSEF regulation

3.5 Please confirm that, at the time of investment by the fund, the achievement of measurable positive social impact will be the primary objective of each of the qualifying portfolio undertakings in which the fund invests.

- Yes ▶ Please provide further details below.
- No ▶ Please note that funds that do not fulfil this criterion are not able to be designated as a EuSEF.

3.6 Please confirm that, for investments in portfolio undertakings that are established in a third country, you will take sufficient measures to ensure that each of these portfolio undertakings will fulfil the requirements of article 3(1)(d)(v) of the EuSEF regulation.

- Yes ▶ Please provide further details below on these measures.
- No ▶ Please provide further details below on why not.

3.7 Please confirm whether any portion of the funds will be invested in one or several other EuSEFs?

- Yes ▶ Please provide further details below including explanation on compliance with article 3(1)(e)(iii) of the EuSEF regulation.
- No ▶ Please proceed to next question.

3.8 Please confirm whether you have developed procedures to measure the extent to which the qualifying portfolio undertakings that the fund invests in achieve the positive social impact they are committed to. The procedures must meet the requirement of article 10(1) of the EuSEF regulation.

- Yes ▶ Please provide further details below on the procedures developed.
- No ▶ Please provide an explanation on why a procedure was not developed.

3.9 Can the firm demonstrate that it will not employ at the level of the EuSEF, any method by which the exposure of the fund will be increased beyond the level of its committed capital?

- Yes
- No ▶ Please provide an explanation.

4. EuVECA designation

Complete this section if your notification concerns a EuVECA fund

We must be satisfied that the funds you manage will meet all relevant conditions for qualifying as a European venture capital fund ("EuVECA").

Note: Please ensure that a separate copy of this section has been filled in for each intended qualifying venture capital fund being notified. You may generate additional copies of this section of the form by printing this section multiple times.

| | |
|--------------------|--|
| EuVECA name | |
|--------------------|--|

4.1 Please indicate the type of notification you wish to make in respect of this fund

- intention to manage and market a new fund ▶ Proceed to next question
- intention to market this existing fund to a new jurisdiction ▶ Continue to section 5
- intention to cease marketing in the jurisdictions indicated in section 5
▶ Continue to section 5
- intention to cease managing this fund ▶ Please say why management of this fund has/will cease and continue to section 6

Note: The FCA will inform you within 20 working days of receiving the notification if we determine that the fund is not a qualifying venture capital fund under article 15 of the EuVECA Regulation.

4.2 Please provide a description of the investment strategy and objectives of the fund.

4.3 Please confirm that, for the fund, at least 70% of the aggregate capital contributions and uncalled committed capital are intended to be invested in assets that are classified as qualifying investments, in line with article 3(e) of the EuVECA regulation.

- Yes ▶ Please provide further details below.
- No ▶ Please note that funds that do not fulfil this criterion are not able to designated as a EuVECA.

4.4 Please confirm that, for the fund, no more than 30% of the aggregate capital contributions and uncalled capital will be used for acquisition of assets other than qualifying investments.

- Yes ▶ Please provide further details below.
- No ▶ Please note that funds that do not fulfil this criterion are not able to designated as a EuVECA.

Details of the calculation of the 30% threshold can be found under article 5(1) of the EuVECA regulation

4.5 Please confirm that, for investments in portfolio undertakings that are established in a third country, you will take sufficient measures to ensure that each of these portfolio undertakings will fulfil the requirements of article 3(d)(iv) of the EuVECA regulation.

- Yes ▶ Please provide further details below on these measures.
- No ▶ Please provide further details below on why not.

4.6 Please confirm whether any portion of the funds will be invested in one or several other EuVECA?

- Yes ▶ Please provide further details below including explanation on compliance with article 3(e)(iv) of the EuVECA regulation.
- No ▶ Please proceed to next question.

4.7 Can the firm demonstrate that it will not employ at the level of the EuVECA, any method by which the exposure of the fund will be increased beyond the level of its committed capital?

- Yes ▶ Please provide further details below including explanation on compliance
- No ▶ Please explain why

5. Marketing activities within the EEA

We need to know the member states where the EuSEF/EuVECA will be marketed.

Note: Please ensure that a separate copy of this section has been filled in for each intended EuSEF/EuVECA being notified. You may generate additional copies of this section of the form by printing this section multiple times.

| | |
|--|------------------------|
| <input type="checkbox"/> EuSEF | Fund legal name |
| <input type="checkbox"/> EuVECA | |

5.1 Please confirm the member states where the EuSEF or EuVECA will be marketed.

| Country | Fund will be marketed | Marketing to be terminated | From what date (including expected) in dd/mm/yyyy |
|-----------------|--------------------------|----------------------------|---|
| Austria | <input type="checkbox"/> | <input type="checkbox"/> | |
| Belgium | <input type="checkbox"/> | <input type="checkbox"/> | |
| Bulgaria | <input type="checkbox"/> | <input type="checkbox"/> | |
| Croatia | <input type="checkbox"/> | <input type="checkbox"/> | |
| Cyprus | <input type="checkbox"/> | <input type="checkbox"/> | |
| Czech Republic | <input type="checkbox"/> | <input type="checkbox"/> | |
| Denmark | <input type="checkbox"/> | <input type="checkbox"/> | |
| Estonia | <input type="checkbox"/> | <input type="checkbox"/> | |
| Finland | <input type="checkbox"/> | <input type="checkbox"/> | |
| France | <input type="checkbox"/> | <input type="checkbox"/> | |
| Germany | <input type="checkbox"/> | <input type="checkbox"/> | |
| Greece | <input type="checkbox"/> | <input type="checkbox"/> | |
| Hungary | <input type="checkbox"/> | <input type="checkbox"/> | |
| Iceland | <input type="checkbox"/> | <input type="checkbox"/> | |
| Ireland | <input type="checkbox"/> | <input type="checkbox"/> | |
| Italy | <input type="checkbox"/> | <input type="checkbox"/> | |
| Latvia | <input type="checkbox"/> | <input type="checkbox"/> | |
| Liechtenstein | <input type="checkbox"/> | <input type="checkbox"/> | |
| Lithuania | <input type="checkbox"/> | <input type="checkbox"/> | |
| Luxembourg | <input type="checkbox"/> | <input type="checkbox"/> | |
| Malta | <input type="checkbox"/> | <input type="checkbox"/> | |
| Netherlands | <input type="checkbox"/> | <input type="checkbox"/> | |
| Norway | <input type="checkbox"/> | <input type="checkbox"/> | |
| Poland | <input type="checkbox"/> | <input type="checkbox"/> | |
| Portugal | <input type="checkbox"/> | <input type="checkbox"/> | |
| Romania | <input type="checkbox"/> | <input type="checkbox"/> | |
| Slovak Republic | <input type="checkbox"/> | <input type="checkbox"/> | |
| Slovenia | <input type="checkbox"/> | <input type="checkbox"/> | |
| Spain | <input type="checkbox"/> | <input type="checkbox"/> | |
| Sweden | <input type="checkbox"/> | <input type="checkbox"/> | |
| United Kingdom | <input type="checkbox"/> | <input type="checkbox"/> | |

Note: For permission to market in the UK, you must check the relevant box in the above table.

6. Declaration and signature

Warning

Knowingly or recklessly giving us information, which is false or misleading in a material particular, is a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). We expect you to take reasonable steps to ensure the accuracy and completeness of information given to us and to tell us immediately if materially inaccurate information has been provided. It should not be assumed that information is known to us just because it is in the public domain or has previously been disclosed to us or another regulatory body. If you are not sure whether a piece of information is relevant, please include it anyway.

Data Protection

For the purpose of complying with the Data Protection Act, the personal information in this form will be used by the FCA to discharge functions in connection with the keeping of a register of small registered UK AIFMs under the Alternative Investment Fund Managers Regulations 2013.

Declaration

By submitting this application form:

- ✓ I confirm that the information in this application is accurate and complete to the best of my/our knowledge and belief and that I/we have taken all reasonable steps to ensure that this is the case.
- ✓ I am aware that it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.
- ✓ Some questions do not require supporting evidence. However, the records, which demonstrate the applicant firm's compliance with the rules in relation to the questions, must be available to the FCA on request.
- ✓ I will notify the FCA immediately if there is a significant change to the information given in the application pack. If I fail to do so, this may result in a delay in the application process or enforcement action.

Tick here to confirm you have read and understood this declaration.

| | |
|---|----------------------|
| Date | <input type="text"/> |
| Name of signatory¹ | <input type="text"/> |
| Position² of signatory | <input type="text"/> |
| Individual registration number (if applicable) | <input type="text"/> |
| Signature | <input type="text"/> |

¹ The signatory must be a suitable person of appropriate seniority at the firm.

² E.g. Director, Sole Trader, Compliance Officer, etc.

Notice of AIFM delegation

Name of firm

Firm reference number (FRN) or legal entity identification code (LEI)

Purpose of this pack

This form is only for firms who are already authorised under Part 4A of FSMA as a full-Scope UK AIFM who must notify the FCA of delegation and sub-delegation arrangements only in accordance with article 20 of the AIFMD and regulations 26 to 28 of the UK AIFM Regulations. This is not the correct form to use for changes to depositary arrangements or external valuers, these should be notified in the AIFMD material change form

This form should not be used by firms that are:

- small registered UK AIFMs
- small authorised UK AIFMs
- third-country AIFMs or
- applying to become a full-scope UK AIFM as the variation of permission form includes a section on delegation.

Contents of this form

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Notes for completion

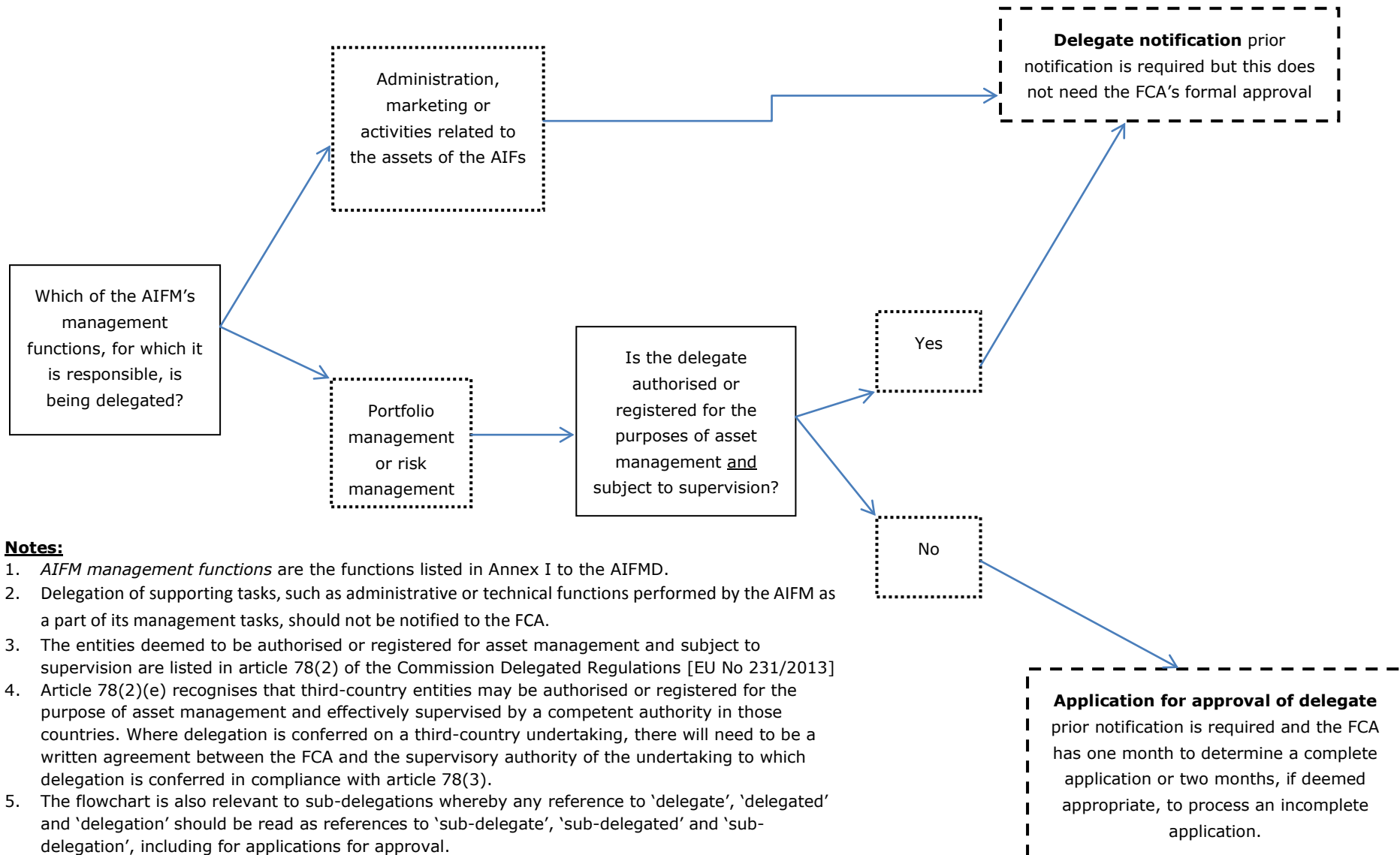
This form facilitates the following – please also refer to the flowchart on page 3 of this form.

- **Application for approval of delegate** – where the intention is to delegate risk management or portfolio management function to an entity that is not authorised or registered for the purpose of asset management and subject to supervision.
- **Delegate notification** – where the intention is to (i) delegate risk management or portfolio management to an entity that is authorised or registered for the purpose of asset management and subject to supervision or (ii) delegate other *AIFM management functions* for which the AIFM is responsible.
- **Sub-delegate application/notification** – where the AIFM consents to an existing delegate's intention to sub-delegate a function to another entity. Whether this amounts to an application or notification will rest on the same factors described above, but in consideration of the proposed sub-delegate. In this context, and for the remainder of the form, any reference to 'delegate', 'delegated' and 'delegation' should be read as references to 'sub-delegate', 'sub-delegated' and 'sub-delegation'.
- **Change of delegate/sub-Delegate function** – where there are proposed changes to the existing function(s) delegated to a previously notified or approved delegate or sub-delegate. This should only be used where the function(s) is being materially reduced in scope or else terminated. If the scope of an existing delegate/sub-delegate's functions is to be increased then this should be provided as an application or notification, as described above.

This form accommodates information for one proposed delegation relationship, although it can cater for that one delegate performing more than one delegated function. If the AIFM is seeking to enter into delegated relationships with more than one entity, a separate copy of this form will need to be completed for each entity.

In each case, the FCA must be informed before the delegation arrangements become effective. However, for applications for approval of a delegate/sub-delegate, the FCA will have one month to determine a complete application or two months to process an incomplete application, and AIFMs should factor this into their planning.

AIFMs marketing AIFs (domestic and/or EEA cross-border basis) will recognise that information on delegated management functions is an integral part of investor disclosures, as referenced by article 23(1)(f) of the AIFMD. Therefore, whenever any change in delegation is contemplated, the AIFM should assess whether any revisions to existing marketing materials will be required. This form requires the AIFM to record its judgement in this regard and, where appropriate, provide revised marketing materials alongside this submission or indicate when this will be provided. This will enable the FCA to provide the revised documents to the competent authorities of the EEA states where cross-border marketing passports are in place, as required by article 32 of the AIFMD.



Notes:

1. *AIFM management functions* are the functions listed in Annex I to the AIFMD.
2. Delegation of supporting tasks, such as administrative or technical functions performed by the AIFM as a part of its management tasks, should not be notified to the FCA.
3. The entities deemed to be authorised or registered for asset management and subject to supervision are listed in article 78(2) of the Commission Delegated Regulations [EU No 231/2013]
4. Article 78(2)(e) recognises that third-country entities may be authorised or registered for the purpose of asset management and effectively supervised by a competent authority in those countries. Where delegation is conferred on a third-country undertaking, there will need to be a written agreement between the FCA and the supervisory authority of the undertaking to which delegation is conferred in compliance with article 78(3).
5. The flowchart is also relevant to sub-delegations whereby any reference to 'delegate', 'delegated' and 'delegation' should be read as references to 'sub-delegate', 'sub-delegated' and 'sub-delegation', including for applications for approval.

Filling in the form

- 1 If you are using your computer to complete the form:
 - use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
 - print out the form you have completed and sign the declaration.
- 2 If you are filling in the form by hand:
 - use black ink
 - write clearly and
 - sign the declaration.
- 3 If you think a question is not relevant to you, write 'not applicable' and explain why.
- 4 If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.
- 5 Post the application to the FCA at:

**AIFMD Firm Supervision
Asset Management Department
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS**

An electronic copy should also be submitted by email to AIFMDFirmSupervisionTriage@fca.org.uk

1 Firm details

1.1 Contact details of the person we will get in touch with about this notification.

| | |
|----------------------|--|
| Name | |
| Position | |
| Phone number | |
| Fax number | |
| Email address | |

2 Delegate details

'Delegate' in the questions below should be read as a reference to 'sub-Delegate' where this is the focus of the filing being made and if not otherwise specified.

2.1 Name of delegate

2.2 Delegate's firm reference number (FRN) or legal entity identification code (LEI) (if known)

2.3 Jurisdiction of establishment of the delegate

2.4 Jurisdiction in which the delegate will perform its function (if different to 2.3 above)

2.5 Name of the competent authority in the jurisdiction in which the delegate will perform its function (where relevant)

2.6 What is the filing you are making taking into account the notes for completion on page 2 and the flowchart on page 3 of this form?

| | Delegate | Sub-delegate |
|------------------------------------|--------------------------|--------------------------|
| Application for approval | <input type="checkbox"/> | <input type="checkbox"/> |
| Notification | <input type="checkbox"/> | <input type="checkbox"/> |
| Change to existing function | <input type="checkbox"/> | <input type="checkbox"/> |

2.7 What functions are to be delegated? (tick all that apply)

- Risk management
- Portfolio management
- Administration*
- Marketing
- Activities related to the assets of the AIFs*

* refer to Annex I to the AIFMD for the full version of these functions

2.8 What is the intended start date of the delegation? (dd/mm/yyyy)

 / /

2.9 Please list below the AIFs affected by the delegation

| |
|--|
| |
|--|

2.10 By completing this section of the form the AIFM has provided confirmation of the name of the sub-delegate, the name of the competent authority where the sub-delegate is authorised or registered, the delegated functions, the intended effective date of the sub-delegation and the AIFs affected by the sub-delegation.

In order for the AIFM to demonstrate consent to the proposed sub-delegation the box below needs to be ticked.

By providing the information in this section and signing the declaration at the end of this form, I provide consent to the proposed sub-delegation.

3

Details of proposed arrangements

This section should not be completed if reporting a change to an existing delegated function (whereby the delegate's role is either reduced or terminated).

'Delegated' and 'delegation' in the questions below should be read as reference to 'sub-delegated' and 'sub-delegation' where this is the focus of the filing.

3.1 What is the regulatory status of the delegate?

3.2 To what extent will the function be delegated and what will be retained in-house?

3.3 What due diligence was conducted before the delegation?

3.4 What kind of contractual arrangements are in place, or when will they be put in place?

3.5 What are the arrangements for overseeing the delegated function?

3.6 What are the objective reasons for the delegation?

Please provide a detailed description and explanation with evidence where appropriate

4 Changes to an existing delegate's role

Where not otherwise specified, 'delegate' and 'delegated' in this section should be read as reference to 'sub-delegate' and 'sub-delegated' where this is the focus of the filing being made.

4.1 Name of delegate

4.2 Delegate's firm reference number (FRN) or legal entity identification code (LEI) (if known)

4.3 Which category applies to the subject of this filing?

- Delegate; or
 Sub-delegate

4.4 What functions has the existing delegate been performing? (tick all that apply)

- Risk management
 Portfolio management
 Administration*
 Marketing
 Activities related to the assets of the AIFs*

* refer to Annex I to the AIFMD for the full version of these functions

4.5 What functions will the existing delegate perform after the proposed change? (tick all that apply)

- Risk management
 Portfolio management
 Administration*
 Marketing
 Activities related to the assets of the AIFs*
 None

* refer to Annex I to the AIFMD for the full version of these functions

4.6 Please summarise the rationale for the change, including how functions previously delegated will now be performed (this field will expand automatically)

4.7 What is the intended date of change? (dd/mm/yyyy)

| | | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|

4.8 Please list below the AIFs affected by this filing (this field will expand automatically)

5 Validation statements

Where not otherwise specified, 'delegate' and 'delegated' in this section should be read as reference to 'sub-delegate' and 'sub-delegated' where this is the focus of the filing being made.

This section should not be completed if reporting a change to an existing delegated function (whereby the delegate's role is either reduced or terminated).

5.1 Please confirm whether each of the following statements is correct by ticking each accompanying box

- The persons conducting the business of the delegate are of sufficiently good repute and sufficiently experienced to carry out the function
- The delegate has sufficient resources and has persons who are qualified and capable of carrying out the delegated function
- The delegation will not prevent the AIFM from acting, or of the AIF being managed, in the best interest of investors
- The delegation will not cause the AIFM to be regarded as a letter-box entity (no longer considered to be managing an AIF) as described by article 82 of the Commission Delegated Regulation [EU No 213/2013]
- The delegation will not give rise to any conflicts of interest or, where there is a conflict, these are monitored, managed and mitigated and appropriately disclosed
- The AIFM's liability towards the AIF and its investors shall not be affected by the fact that the AIFM has delegated functions to the delegate

5.2 If you have been unable to agree to any of the statements above please confirm why below (this field will expand automatically)

6 Marketing materials assessment

This section is relevant to all types of filing including where an existing delegate's function is changed or terminated.

'Delegate' and 'delegation' in this section should be read as reference to 'sub-delegate' and 'sub-delegation' where this is the focus of the filing being made.

6.1 What marketing is undertaken in relation to the AIF(s) affected by the delegation? (tick all that apply)

- None of the AIFs are marketed >> continue to section 7
 At least one AIF is marketed domestically
 At least one AIF is marketed by EEA cross-border passport

6.2 Where marketing is undertaken please confirm whether any marketing materials need revising to appropriately disclose the delegation (tick all that apply)

- Revisions are required [refer to question 6.4]
 Revisions are not required [refer to question 6.3]

6.3 Please summarise how you have satisfied yourself that no updates to marketing materials are necessary to appropriately disclose the delegation (this field will expand automatically)

6.4 Are the revised marketing materials* attached to this form?

* Revised materials should be in a finalised form, for example there should be no indication that they are draft versions.

- Yes >> continue to question 6.5
 No - you must specify when you will submit these documents

 / /

You should also provide a brief summary of the reasons for this delay (this field will expand automatically)

6.5 Please provide a list (document title and description) of the revised marketing documents that accompany this form (this field will expand automatically)

6.6 To satisfy your obligations under articles 31 and/or 32 of the AIFMD you need to provide details of the AIFs for which you are submitting revised marketing materials and, for each, provide a completed checklist against article 23 AIFMD disclosure requirements.

1. For where the affected AIF(s) is only marketed in the UK – without being marketed on a cross border passport basis.
 - For each AIF you will need to submit Annex 3 of the marketing notification pack accessed via the following link [link to passporting pack]
2. For where the affected AIF(s) is marketed on a cross border passport basis (regardless of whether or not it is also marketed domestically).
 - You will need to submit the completed letter template, as well as Annex 1,2 and 3 of the marketing notification pack accessed via the following link [link to passporting pack]

Please confirm what you are submitting

Domestic marketing only

I have completed and attached Annex 3 for each AIF

Cross-border passporting

I have attached the completed letter template and Annex 1 and 2. I have also completed and attached Annex 3 for each AIF

7 Declaration

Warning

Knowingly or recklessly giving us information, which is false or misleading in a material particular, is a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). Our rules (SUP 15.6.4R) require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to us and to tell us immediately if materially inaccurate information has been provided. Contravening these requirements may lead to disciplinary sanctions or other enforcement action by us. It should not be assumed that issues are known to us just because they are in the public domain or have previously been disclosed to us or another regulatory body. If you are not sure whether a piece of information is relevant, please include it anyway.


Data protection

For the purposes of complying with the Data Protection Act, the personal information in this form will be used by the FCA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation. It will not be disclosed for any other purposes without the permission of the firm concerned.

Declaration

By submitting this notification form:

- ✓ I confirm that the information in this application is accurate and complete to the best of my/our knowledge and belief and that I/we have taken all reasonable steps to ensure that this is the case.
- ✓ I am aware that it is a criminal offence knowingly or recklessly to give the FCA information that is false or misleading in a material particular.
- ✓ Some questions do not require supporting evidence. However, the records, which demonstrate the notifying firm's compliance with the rules in relation to the questions, must be available to the FCA on request.
- ✓ I will notify the FCA immediately if there is a significant change to the information given in this notification.

| | |
|---|---|
| Date | |
| Name of signatory¹ | |
| Position² of signatory | |
| Individual registration number (if applicable) |  |
| Signature | |

¹ The signatory must be a suitable person of appropriate seniority at the firm.

² eg, Director, Sole Trader, Compliance Officer, etc.

Appendix 3

Complaints data reporting

COMPLAINTS DATA (PUBLICATION) INSTRUMENT 2014

Powers exercised

- A. The Financial Conduct Authority makes this instrument in relation to complaints falling to be dealt with under the Compulsory Jurisdiction in the exercise of the following powers and related provisions of the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (General rule-making power);
 - (2) section 137T (General supplementary powers);
 - (3) section 139A (Guidance);
 - (4) section 226 (Compulsory jurisdiction); and
 - (5) paragraph 13(4) (FCA’s procedural rules) of Schedule 17 to the Act.
- 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 FCA Handbook

- D. The Dispute Resolution: Complaints sourcebook (DISP) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Complaints Data (Publication) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[*date*]

Annex

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text.

1.10A Complaints data publication rules

...

Publication of complaints data by the FCA

- 1.10A.10 G To improve *consumer* awareness and to help *firms* compare their performance against their peers, the *FCA* publishes *complaints* data about the financial services industry as a whole and *firm-level complaints* data for those *firms* which are required to publish a *complaints* data summary or the total number of *complaints* (as appropriate) under *DISP* 1.10A.1R.
- 1.10A.11 G For *firms* reporting 500 or more *complaints* under *DISP* 1.10.1R(1) or 1000 or more *complaints* under *DISP* 1.10.1R(2) in the relevant reporting period, the *FCA* will publish the *firm-level complaints* data reported to it either:
- (1) after the *firm* provides the appropriate consent in the *complaints* data report and confirms that the reported data accurately reflects the data which it will publish under *DISP* 1.10A.1R; or
 - (2) after the *FCA* receives an email from the *firm* under *DISP* 1.10A.4R confirming that the *complaints* data summary accurately reflects the report submitted to the *FCA*, that the summary has been published and where it has been published.
- 1.10A.12 G For *firms* with only a *limited permission* reporting *complaints* to the *FCA* under the reporting requirements in *SUP* 16.12, the *FCA* will publish the *firm-level complaints* data reported to it after the *FCA* receives an email from the *firm* under *DISP* 1.10A.4R. That email should confirm that the total number of *complaints* accurately reflects the report submitted to the *FCA* under *SUP* 16.12, that the total number of *complaints* has been published and where the information has been published.

...

1.11 The Society of Lloyd's

...

Publication of complaints data by the FCA

1.11.6F G To improve *consumer* awareness and to help *firms* compare their performance against their peers, the *FCA* publishes *complaints* data about the financial services industry as a whole and *complaints* data about the *Society* for those reporting periods in which the *Society* is required to publish a *complaints* data summary under *DISP* 1.11.6AR.

1.11.6G G For such reporting periods, the *FCA* will publish *complaints* data relating to the *Society* after it receives an email from the *Society* under *DISP* 1.11.6DR which confirms that the *complaints* data summary accurately reflects the report submitted to the *FCA*, that the summary has been published and where it has been published.

...

1 Annex 1R Complaints Return (DISP 1 Ann 1R)

Illustration of the reporting requirements, referred to in DISP 1.10.1R

...

| | | | | | | | |
|----|-------------|--|--|--|--|--|--|
| 33 | Investments | Investment management/ services (inc platforms) | | | | | |
|----|-------------|--|--|--|--|--|--|

Complaints data publication by the FCA and firms

| | | |
|-----------|--|-----------------|
| <u>47</u> | <u>If you are reporting 500 or more <i>complaints</i> under <i>DISP</i> 1.10.1R(1) or 1000 or more <i>complaints</i> under <i>DISP</i> 1.10.1R(2), do you consent to the <i>FCA</i> publishing the <i>complaints</i> data contained in this report in advance of the <i>firm</i> publishing the data itself?</u> | <u>Yes / No</u> |
| <u>48</u> | <u>If 'Yes', does the <i>firm</i> confirm that the <i>complaints</i> data contained in this report accurately reflects the information to be published by the reporting <i>firm</i> under <i>DISP</i> 1.10A?</u> | <u>Yes / No</u> |

...

NOTES ON THE COMPLETION OF THIS RETURN

...

A *complaint* should be reported against the product/service element complained about; this may be different to the main policy itself. For example, for a term

assurance policy with an attaching critical illness option, where the *complaint* relates to the term assurance element, it should be reported under 'other pure protection' but where the *complaint* relates to the critical illness element, it should be reported under 'critical illness'.

Transparency

To improve consumer awareness and to help firms compare their performance against their peers, the FCA publishes complaints data about the financial services industry as a whole and firm-level data for firms required to publish their data under DISP 1.10A.1R.

For firms reporting 500 or more complaints under DISP 1.10.1R(1) or 1000 or more complaints under DISP 1.10.1R(2) in the relevant reporting period, the FCA will publish the complaints data of the firm either:

- (a) after the firm provides consent in the report; or
- (b) (if the firm does not provide consent) after the FCA receives an email from the firm confirming that the complaints data summary accurately reflects the report submitted to the FCA, that the summary has been published and where it has been published as required by DISP 1.10A.4R.

If the firm ticks the “Yes” box in this report consenting to the FCA publishing the firm’s complaints data, it must also confirm that the data contained in the report accurately reflects the information to be published by the reporting firm.

If the firm has submitted a joint report on behalf of a group, the firm should only tick the “Yes” box consenting to the FCA publishing the complaints data if the firm is authorised to do so by those firms on whose behalf it is submitting this report.

A firm which does not provide consent in this report must still ensure that the complaints data contained in this report accurately reflects the data which the firm is required to publish under DISP 1.10A.1R and confirm this to the FCA under DISP 1.10A.4R.

Appendix 4

Mortgage Product Sales Data

**SUPERVISION MANUAL (PERFORMANCE DATA REPORTS) (AMENDMENT)
INSTRUMENT 2014**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the 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 referred to above are specified for the purpose of section 138G (2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 January 2015.

Amendments to the FCA Handbook

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

Citation

- E. This instrument may be cited as the Supervision Manual (Performance and Data Reports) (Amendment) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[date]

Annex

Amendments to the Supervision manual (SUP)

[*Editor's note:* This instrument amends SUP on the basis that the Alternative Investment Fund Managers Directive (Consequential Amendments) Instrument 2014 (published in CP13/9) is made by the Board before this instrument.]

In this annex, underlining indicates new text and strike through indicates deleted text.

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

| (1) Section(s) | (2) Categories of firm to which section applies | | (3) Applicable rules and guidance |
|---------------------|---|--|-----------------------------------|
| ... | | | |
| <i>SUP</i> 16.11 | <u>(1)</u> | <i>A firm, other than a managing agent, which is:</i> | Entire section |
| | (1) | <u>(a)</u> <i>a home finance provider; or</i> | <u>Entire section</u> |
| | (2) | <u>(b)</u> <i>an insurer; or</i> | <u>Entire section</u> |
| | (3) | <u>(c)</u> <i>the operator of a regulated collective investment scheme or an investment trust savings scheme; or</i> | <u>Entire section</u> |
| | (4) | <u>(d)</u> <i>a person who issues or manages the relevant assets of the issuer of a structured capital-at-risk product; or</i> | <u>Entire section</u> |
| | (5) | <u>(e)</u> <i>a firm with permission to enter into a regulated credit agreement as lender in respect of high cost short term credit or home credit loan agreements; or</i> | <u>Entire section</u> |

| | | | |
|--|-----|--|--|
| | (2) | <u>a firm in whom the rights and obligations of the lender under a regulated mortgage contract are vested.</u> | <u>The provisions governing performance data reports in SUP 16.11 and SUP 16 Annex 21R</u> |
|--|-----|--|--|

...

16.11 Product Sales Data Reporting

Application

16.11.1 R This section applies:

- (1) in relation to sales data reports, to a firm:
- (a) which is a *home finance provider*; or
 - (b) a firm with which has permission to enter into a regulated credit agreement as lender in respect of high-cost short-term credit or home credit loan agreements;
or
 - (c) which is, in respect of sales to a retail client or a consumer is:
 - (1) (i) an *insurer*; or
 - (1A) (ii) the *manager* of an *authorised AIF* or a *UCITS*; or
 - (2) (iii) the *operator* of an *investment trust savings scheme*, or a *personal pension scheme*; or
 - (3) (iv) a *person* who issues or manages the relevant assets of the issuer of a *structured capital-at-risk product*;

unless the *firm* is a *managing agent*;

- (2) in relation to performance data reports, to a firm in whom the rights and obligations of the lender under a regulated mortgage contract are vested.

Appendix 5

Interest rate stress tests

**MORTGAGES (FPC INTEREST-RATE STRESS TEST RECOMMENDATIONS)
INSTRUMENT 2014**

Powers exercised by the Financial Conduct Authority

- A. The Financial Conduct Authority makes this instrument in the exercise of the 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
 - (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 referred to 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 FCA Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Mortgages and Home Finance: Conduct of Business sourcebook (MCOB) is amended in accordance with Annex B to this instrument

Citation

- F. This instrument may be cited as the Mortgages (FPC interest-rate stress tests recommendations) Instrument 2014.

By order of the Board of the Financial Conduct Authority

[*date*]

Annex A
Amendment to the Glossary of definitions

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

| | |
|-----------------------------------|---|
| <i>Financial Policy Committee</i> | The sub-committee of the court of directors of the Bank of England, established by Part 1A of the Bank of England Act 1998 to contribute to the Bank of England's Financial Stability Objective and, subject to that, to support the economic policy of the Government. |
|-----------------------------------|---|

Annex B
Amendment to the Mortgages and Home Finance: Conduct of Business sourcebook
(MCOB)

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

11.6.18 R ...

- (2) ~~A In coming to a view as to likely future interest rates, a mortgage lender must be able to justify the basis it uses for determining likely future interest rates for the purposes of this rule by reference to~~ have regard to:
- (a) market expectations; and
 - (b) any prevailing Financial Policy Committee recommendation on appropriate interest-rate stress tests,
- and must be able to justify the basis it uses by reference to (a) and (b).

...

Financial Conduct Authority



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