Financial Conduct Authority

Policy Statement PS13/12

Mortgage Market Review – Data Reporting

December 2013

Contents

In this Policy Statement we report on the main issues arising from *13/02 Mortgage Market Review – Data Reporting and publish the final rules*.

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Abbreviations used in this paper

CML	Council of Mortgage Lenders
FAQ	Frequently asked question
FCA	Financial Conduct Authority
FSA	Financial Services Authority
IPRU (INV)	Interim Prudential sourcebook for Investment Businesses
MIPRU	Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries
MLAR	Mortgage Lenders and Administrators Return
MMR	Mortgage Market Review
Non-bank	Non-deposit taking mortgage lender
PRA	Prudential Regulation Authority
PSD	Product Sales Data
RAG	Regulatory Activities Group
RMAR	Retail Mediation Activities Return
UCITS	Undertakings for Collective Investment in Transferable Securities

1. Overview

Introduction

1.1 This Policy Statement is the final publication in a series of Mortgage Market Review (MMR) policy documents. The MMR introduces a package of reforms for the mortgage market, with a focus on responsible lending. Most of these reforms will take effect from 26 April 2014.[1]

1.2 We already collect some data from firms about mortgages. In previous MMR publications[2] we noted that changes to our regulatory approach would result in a need to review and enhance the data we collect.

1.3 In May 2013 we published a consultation paper, CP13/02: *Mortgage Market Review – Data Reporting.* This set out proposals on additional data about mortgages that we want to collect to help us:

- monitor and supervise conduct in the mortgage market following the introduction of the MMR and
- monitor compliance with the new prudential requirements for non-deposit taking mortgage lenders (non-banks)

1.4 During this consultation, we worked closely with an industry working group facilitated by the Council of Mortgage Lenders (CML) in finalising the data and definitions. The input of this group was invaluable, and we would like to thank both the CML and the firms involved.

1.5 We are now publishing our final rules on data collection, which will come into effect on **1 January 2015**.

Who does this Policy Statement affect?

1.6 You should read this Policy Statement if you are:

- a mortgage lender or other home finance provider, or
- a home finance administrator who collates or submits regulatory returns

1 Reforms to arrears management practices came into force in 2010

2 DP09/03, *Mortgage Market Review* (October 2009): www.fsa.gov.uk/pubs/discussion/dp09_03.pdf
CP10/28, *Mortgage Market Review: Distribution and disclosure* (November 2010): www.fsa.gov.uk/pubs/cp/cp10_28.pdf
CP11/31, *Mortgage Market Review: Proposed package of reforms*, (December 2011): www.fsa.gov.uk/static/pubs/cp/cp11_31.pdf

1.7 It may also be of interest if you are:

- a firm that advises on or arranges mortgages or other home finance products, or
- a body that represents any of these firms

Is this of interest to consumers?

1.8 These new rules may be of interest to consumers. While the new rules do not directly affect consumers, they will result in us collecting and processing more personal data than we do currently.

Context

1.9 We gather a wide variety of data, information and intelligence from across our organisation, the market and other sources, to help us to identify and assess risks in financial markets. We place a greater reliance on data than our predecessor, the Financial Services Authority (FSA). This is to gain more of an insight into the market so that we can make quicker, better decisions. In the mortgage market, we will be particularly interested in indicators of irresponsible lending leading to consumer harm, and a market that does not function well.

1.10 The new data requirements are designed to deliver our objectives, including to:

- Secure an appropriate degree of consumer protection – by helping us identify and assess risks to consumers and prevent harm.
- Protect and enhance market integrity – by helping us to make quicker and better decisions so the market keeps functioning well.
- Promote effective competition in the interests of consumers – through enhancing our ability to monitor the market.

1.11 In CP13/02 we proposed to amend two existing regulatory reports – Product Sales Data and the Mortgage Lenders and Administrators Return.

Product Sales Data[3] (PSD)

1.12 Since April 2005, product providers have reported transaction level data on sales of regulated mortgage contracts through PSD. In CP13/02 we proposed to enhance this to collect additional data on affordability and performance (i.e. whether there have been any payment difficulties during the life of the mortgage). We also proposed to improve the quality and granularity of the data we collect, to help us identify, monitor and respond to mortgage market risks more effectively.

3 We intend the new PSD reporting requirements to cover all regulated firms that currently hold regulated mortgages, whether they originated the mortgage or bought it from another firm. We understand that it was not clear in the consultation that the requirements also apply to firms that hold mortgages purchased from another firm but who do not hold the 'entering into' permission. We intend to clarify this in a further consultation document early next year.

1.13 The proposed PSD was split into two separate parts.

- **Sales data**. This includes the characteristics of the mortgage, such as the size of the loan and type of interest rate, and information on affordability, such as income and expenditure.
- **Performance data**. This includes details of the ongoing characteristics of the mortgage, such as the outstanding balance and type of interest rate, and information about payment difficulties and forbearance. This data will be reported on a regular basis throughout the life of the mortgage.

Mortgage lenders and administrators return (MLAR)

1.14 Since the beginning of 2007, regulated mortgage lenders and administrators have been required to submit a MLAR each quarter, providing data on their mortgage lending activities. In CP13/02 we proposed to collect additional information through the MLAR to help us supervise the revised MIPRU prudential requirements for non-banks set out in PS12/16 *Mortgage Market Review: Feedback on CP11/31 and final rules*[4], which will come into force on 26 April 2014. [5]

1.15 We proposed the following changes to the MLAR:

- amendments to Section C, to collect additional information on subordinated loans
- a new Section L, to provide an analysis of the credit risk requirement, and
- a new Section M, to ask the firm to confirm it complies with the new liquidity resources requirements

1.16 We also proposed supporting guidance for Sections C, L and M to explain how they should be completed.

How will we use this data?

1.17 We are relying more on data than we have done previously, to help us make quicker, better decisions. The primary aim of collecting the new data is to help us to monitor and supervise compliance with the MMR. The MMR reforms aim to ensure that mortgages are affordable, through requiring that lenders assess consumers' income and expenditure before granting a mortgage. The enhanced sales data will help us to monitor compliance with these rules, allowing us to identify outliers and trends. The performance data will enable us to link payment difficulties on individual mortgage accounts with information on the original sale. This will help us to identify how underwriting decisions affect consumer outcomes. It will also help us to monitor the treatment of borrowers in arrears.

4 PS12/16, *Mortgage Market Review: Feedback on CP11/31 and final rules,* (October 2012): www.fca.org.uk/your-fca/documents/policy-statements/fsa-ps12-16.

5 We have considered the implications of applying the new prudential requirements to smaller non-banks and, as we stated in paragraph 3.5 of CP13/02, we are considering how to make the new prudential regime more accessible to firms. We will be communicating our approach on this directly to affected firms.

1.18 In addition, we will use the data throughout the organisation in several ways.

- **Supervision**. PSD is a valuable supervisory tool and we will use it in several ways to support all elements of our supervisory approach. The data will allow us to monitor ongoing trends in sales and to spot market developments and potential risks. We will also be able to use the data to spot outliers against comparable firms using a range of different data points. For example, we will be able to assess the levels of execution-only sales across firms and investigate further where we have concerns. In addition, the nature of PSD means that we can overlay a number of product characteristics to build up a better picture of potential consumer risks by firm so we can spot outliers, target our resource, and work effectively to take the appropriate supervisory action.

- **Policy, Risk and Research**. The data will be used to pro-actively identify and analyse trends and risks (including the use of consumer segmentation to better understand consumers) and provide a more intelligent view of the issues in the mortgage sector. The data will help us prioritise and quantify these issues. We will also use the data to monitor the effectiveness and impact of the MMR, to undertake a post-implementation review (i.e. to assess whether the MMR has met its objectives) which we intend to do within five years of implementation of the MMR, and for future policy analysis.

1.19 We will also share the data with the Bank of England and the Prudential Regulation Authority (PRA) to help them in their regulatory objectives.

Summary of feedback and our response

1.20 Consumer groups were supportive of the proposals set out in CP13/02.

1.21 Firms generally accepted the need to provide additional data, but expressed several concerns about changes to the PSD.

- **Costs.** Firms thought that we had underestimated the cost to them. We asked for further cost estimates during consultation, but few have been forthcoming. This was because firms said they would need to set up IT projects to provide accurate estimates, which they did not want to do until they had the certainty of the final rules. Instead, most firms asked us to work closely with them when finalising the data to ensure it is relevant and clearly defined, to avoid unnecessary costs and ensure consistent reporting across firms. We have done this, through the industry working group facilitated by the CML.

- **Timing.** Several lenders noted that providing the performance data will be particularly expensive. This is due to the sensitivity of the data and the need to ensure that it is signed-off at an appropriately senior level, which will generate increased administration costs. They therefore requested that we collect this data on a less frequent basis than proposed. In light of this, we will collect the performance data on a six-monthly rather than a quarterly basis. This will reduce the costs and burdens on firms, but will still be sufficiently regular for our purposes. We will allow firms 30 working days to submit the performance data, rather than the 20 working days originally proposed.

- **Using data reporting to impose additional regulatory requirements**. Some firms were concerned that the level of detail in the affordability data imposed additional regulatory requirements beyond the MMR affordability rules. This was not our intention, and we have taken this feedback on board when developing the final data set.

- **Using the data to 're-underwrite' individual mortgages**. Some firms were concerned that we would draw misleading conclusions if we attempted to do this, as the data is not comprehensive enough to fully understand all of a consumer's circumstances. Our aim in collecting this data is not to re-underwrite individual mortgages. We will use the data to inform our risk-based approach to supervision so we can make detailed enquiries where we see particular risks. It will be used in various types of analysis to monitor and supervise compliance with the MMR, as well as to spot emerging risks in individual firms and the market as a whole, and for future policy analysis.

- **Niche markets**. Some respondents representing niche mortgage sectors questioned the relevance of the data to them. Bridging lenders raised particular concerns about the cost of providing the data because they are mostly small firms with a heavy reliance on manual processes. Given the potential conduct risks in this sector, we believe it is very important to collect loan-level data on these mortgages, and our current lack of data on the bridging market makes it difficult to get an accurate picture of the sector. In practice, many data fields will not need to be reported by bridging lenders, because loans are usually advanced on an interest roll-up basis, where payments are not required during the term, and therefore there is no affordability assessment. We have made this clear in the Handbook notes. We do not believe that the costs will deter firms from operating in or entering this market.

1.22 As a result of the feedback received, and discussions with the industry, we have amended the proposed PSD dataset by:

- deleting some data items and combined others, reducing the overall number of items we will be collecting

- amending data items, to ensure they are workable and collect the information we need, and

- amending the Handbook notes to make it clearer what we want firms to report

1.23 We have made these amendments to ensure that the final dataset is proportionate and workable, with clear data definitions, while not undermining our ability to monitor and supervise the MMR. We do not consider that the rules we have made differ significantly from those set out in CP13/02.

1.24 When we published CP13/02, there was some media speculation that data protection issues may arise from the quantity of personal data that we propose to collect (e.g. details of income, credit commitments and payment difficulties). We engaged with the Information Commissioner during consultation and he did not identify any data protection issues, subject to our compliance with necessary data protection requirements (e.g. not requiring more personal data than is reasonably needed; not retaining personal data longer than is necessary; and not publishing personal data that could identify individuals).

1.25 Few responses were received on the proposed MLAR changes, and few issues were raised, other than technical queries.

1.26 The detailed feedback on both PSD and the MLAR is set out in Chapter 2.

1.27 The final rules are set out in Appendix 1.

Next steps

What do you need to do next?

1.28 These rules are coming into force on **1 January 2015**. This gives firms a year to make changes to systems and processes. If your firm is affected by these changes, you will need to start planning now.

1.29 For PSD, we will require *sales* data to be reported quarterly, as it is now. Firms will need to start collecting the new data from 1 January 2015, and will be required to submit the first new return within 20 working days of the end of that quarter (i.e. after 31 March 2015).

1.30 We will require *performance* data to be reported every six months, within 30 days of the end of the reporting period. The first report will be due within 30 working days of the end of the second quarter of 2015 (i.e. after 30 June 2015).

1.31 It will continue to be possible for firms to report *sales* data more frequently than quarterly if they wish to. We will be able to accept data in the new format from the beginning of January 2015. However, *performance* data can only be reported every six months, at the end of the reporting period. This is because the data relates to the status of the accounts at the end of each period.

1.32 For the MLAR, firms will need to submit the new forms for their first scheduled return due after 1 January 2015.

1.33 The new reporting periods are summarised in Table 1.

Table 1

Return	Collection of new data (PSD only)	Submission
PSD – sales data	1 January 2015	First submission within 20 working days of the end of the first quarter of 2015. Quarterly thereafter.
PSD – performance data	1 January 2015[6]	First submission within 30 working days of the end of the second quarter of 2015. Six-monthly thereafter.
MLAR – new requirements for non-banks	N/A	First submission after 1 January 2015 according to the firm's existing MLAR reporting schedule.

1.34 If you have any questions on the new reporting requirements, please email fca-cp13-02@fca.org.uk.

6 Firms have the option of providing data on forbearance events that happened before this date, as discussed in response to Q8 and Q9 in Chapter 2.

What will we do?

1.35 Early next year we will publish updated technical information to assist firms submitting data[7] to us, including an updated data reference guide for the sales data and a new data reference guide for the performance data. We are not changing how firms can submit data to us; this will continue through the GABRIEL reporting system, whether via automated methods (such as xml) or manual input.

1.36 We will also update our PSD frequently asked questions (FAQ) page[8] with information and FAQs which may help firms prepare for the new reporting requirements.

7 i.e. through the return PSD001.

8 www.fca.org.uk/firms/systems-reporting/gabriel/help/product-sales-data/policy-business-faqs-

2.
Detailed feedback to CP13/02

2.1 In this chapter we set out in more detail the feedback received on our proposals.

Summary of feedback and our responses

> ***Q1:*** ***Do you agree with the proposed affordability items? If not, which items don't you agree with, and why?***
>
> ***Q2:*** ***Will any of the proposed affordability items cause practical issues (e.g. the proposed format of the data)? If so, please provide details.***

2.2 Firms were concerned about some of the detail required, such as the breakdowns of committed expenditure and household expenditure into more detailed categories. Some firms do not plan to collect information on their systems in this way, as they will not be required to do so by the MMR affordability rules. They therefore felt that these data items represented additional regulatory requirements beyond the requirements of the MMR.

2.3 Some firms questioned the way we will use the data, with particular concerns that we will use it to 're-underwrite' individual mortgages. They felt that we would draw misleading conclusions if we were to do so, as while the data being collected is detailed, it is not comprehensive enough to fully understand all of a customer's circumstances.

2.4 Some respondents representing niche areas of the market, such as bridging, equity release, high net worth and business lending, felt that the affordability fields did not apply to these types of lending.

2.5 In terms of practicalities, firms' main concerns related to there being insufficient clarity in the accompanying Handbook notes about what should be reported. They feared that this would lead to grey areas and inconsistency of interpretation between firms, which would result in poor quality data and poor quality conclusions. They requested clearer data definitions and guidance.

2.6 Some firms were also concerned about the costs of collecting and reporting the data, including system development costs arising from factors such as pulling data from different systems into a single data return. (We discuss the issue of costs in Q16 below).

Our response

We understand firms' concerns about some of the detail proposed. Our aim is to collect information to assess firms' compliance with the MMR, and not to impose additional requirements for affordability assessments.

So we have combined or deleted several of the proposed data fields. For example, we have combined the two fields proposed in CP13/02 to collect details of monthly credit commitments and other committed expenditure into one field to collect monthly committed expenditure.

Our aim in collecting affordability data is not for us to re-underwrite individual mortgages, but to identify risks and issues in individual firms, and the market as a whole, and where necessary to provide a basis for further investigation. The data will be used in various types of analysis to monitor and supervise compliance with the MMR, as well as to spot emerging risks in the mortgage market, and for future policy analysis.

Many of the affordability fields will not be relevant to interest roll-up mortgages (i.e. mortgages where payments are not required or anticipated until the end of the mortgage), because an affordability assessment is not required under the MMR affordability rules. This means that these fields will not be relevant for many lifetime mortgage and bridging loans. The Handbook notes explain how the income and expenditure fields should be reported for business loans and high net worth mortgage customers.

We have enhanced the Handbook notes to make it clearer what we want firms to report, and to help ensure consistency of reporting between firms.

Q3: Do you agree that these data items should be made compulsory? If not, which items don't you agree with, and why?

Q4: Will the compulsory reporting of these items cause practical issues (e.g. the proposed format of the data)? If so, provide details.

2.7 Most respondents were in favour of making optional items compulsory in future.

2.8 There was some support for making the remaining four optional items compulsory (i.e. type of dwelling, number of habitable rooms, number of bedrooms and whether the property has a garage). This is because some firms also submit these data items to the CML (for use in their Regulated Mortgage Survey). This is then used by the Office of National Statistics when calculating the House Price Index. Therefore there was some concern that firms would stop reporting these items unless they were made compulsory.

2.9 Few comments were received on the practical issues of making these items compulsory, other than comments previously raised about costs.

Our response

All items will be compulsory, except the four optional property questions listed above, which will remain optional, as we do not have a regulatory reason for making them compulsory. We understand from discussions with the industry that this will not deter firms from continuing to report these data items to the CML.

The other items are compulsory, in the sense that they must be reported where they are relevant to the mortgage being reported. There will be some fields that do not apply for some mortgages e.g. the affordability fields for interest roll-up mortgages, and remortgage fields for mortgages that are not a remortgage.

Q5: Do you agree with the proposed additional data items? If not, which items don't you agree with and why?

Q6: Do you agree with the proposed changes to the existing data items? If not, which items don't you agree with and why?

Q7: Will any of these changes cause practical issues (e.g. the proposed format of the data)? If so, please provide details.

2.10 Most respondents, particularly consumer bodies, were generally supportive of the additional data items, and the proposed changes to the existing data items, subject to more clarity around data definitions.

2.11 However, some firms raised concerns about individual data fields. Lenders were particularly concerned about the field 'how the sale was made' for intermediary sales, as they would be reliant on information supplied by intermediaries (which lenders are not required to collect for any other purpose). They therefore questioned the benefit of this information, given the costs and possible data quality issues.

2.12 Several respondents thought it would be helpful to clearly differentiate government schemes for mortgage indemnity and shared equity, from private schemes.

2.13 No major practical difficulties were noted.

Our response

We have provided more clarity around data definitions through enhancing the Handbook notes, following our work with the industry working group. We have also made some amendments to fields, deleting some and combining others. For example, we have amended the 'how the sale was made' data field to remove the need for the lender to determine the method of sale for intermediated sales.

We have also added a field to collect whether the mortgage was advanced under a government supported initiative, such as Help to Buy.

Q8: Do you agree with the proposed performance data items? If not, which items don't you agree with and why?

Q9: Will any of the proposed performance data items cause practical issues (e.g. the proposed format of the data)? If so, please provide details.

2.14 Respondents were supportive of our desire to collect loan-level[9] performance data. But firms had concerns about the cost of this, and were keen to work with us to ensure a proportionate and effective dataset.

2.15 Some firms had questions about individual items, with several suggesting that we should delete items that rely heavily on manual collation, such as the date that litigation is started, and date of possession order. Several respondents also noted that lenders would not necessarily know the reason for closure of account where this did not involve a further transaction (e.g. remortgage or 'porting' their mortgage to a new property with the same lender).

2.16 The need for clear data definitions was again emphasised, with firms querying the detail of what would need to be reported in the performance data fields (e.g. contractual monthly payment if forbearance is in place; outstanding balance following repossession; sale value achieved where the sale doesn't take place for an extended period after repossession; and how to report forbearance events that persist over several reporting periods).

2.17 Respondents raised a number of practical issues, including:

- the challenges and costs of extracting the data from different systems (including, in some cases, paper records) and putting it into the required format
- how to report mortgages made up of more than one part or sub-account, for example where there have been further advances or, where the account is split into several parts, if it has different repayment methods, product types or terms and
- how to report performance events that have occurred in the past

2.18 Firms also questioned whether they would need to retrospectively report historic performance data.

2.19 Some respondents also noted the practical difficulties of reporting data for some niche areas, such as lifetime mortgages.

Our response

Following consultation and engagement with the industry working group, we have made some changes to the performance data fields, amending some and deleting others (for example, we have amended the 'reason for closure of account' field to cover only items that the reporting firm would be aware of). We have also enhanced the Handbook notes to make data definitions clearer.

We have discussed with the industry the reporting of mortgages made up of more than one part or sub-account. The approach agreed is for firms to report

9 i.e. information on each individual mortgage

on a conflated basis i.e. add the accounts together, and report as one. When firms are reporting characteristics that do not apply uniformly to all parts of the mortgage (such as interest rate, where more than one rate applies), we will generally require firms to report the characteristic applying to the largest part of the mortgage. There are some data fields where this does not apply, such as current balance outstanding, where the total balance across all parts must be reported. These exceptions are explained in the Handbook notes.

We will not expect firms to report data retrospectively for events which happened prior to the introduction of the new data requirements on 1 January 2015. So, for instance, if an account has been in arrears since 1 November 2014, firms do not have to report 1 November 2014 as the arrears start date; instead they can report 1 January 2015. However, if firms are able to report the actual start date i.e. 1 November 2014, it would be useful for them to do so, as it will help us build an accurate picture more quickly.

Forbearance items will not need to be reported where there are no payment difficulties on the account. For example, interest roll-up mortgages (such as many lifetime mortgages and bridging loans) are unlikely to experience payment difficulties during the mortgage term, as no payments are required or anticipated during the term. However, if there are forbearance activities on such accounts, then the relevant items of performance data will need to be reported. The performance data items relating to the ongoing characteristics of the mortgage (e.g. current outstanding balance and interest rate type), must be reported for all outstanding regulated mortgage contracts.

Q10: Do you agree that we should collect information on the basic characteristics of all mortgages on a quarterly basis?

2.20 Most respondents supported the regular collection of the basic characteristics of mortgages. However, firms noted the additional burden on them, particularly given other projects such as MMR implementation and making systems changes to accommodate Government initiatives.

2.21 Due to the commercial sensitivity of performance data, firms felt they would need to implement more rigorous controls and sign-off processes around submission, with the significant resource implications of this adding to costs. Therefore they asked to be allowed to submit performance data on a less frequent basis than the sales data. They also asked for longer than the proposed 20 working days to submit the data.

2.22 Several respondents asked for confirmation that monthly reporting will still be allowed.

Our response

We expect the sales data to be reported on a quarterly basis, within 20 working days, as at present.

However, we recognise the additional burden of reporting performance data and therefore will require this to be reported every six months, within 30 working days of the end of the quarter.

This will reduce costs and burdens on firms, but will still be sufficient for our purposes.

Sales data will still be able to be submitted during the reporting quarter, therefore allowing firms to submit data monthly or more frequently if they wish. Performance data will only be able to be reported after the end of the reporting period. It cannot be reported more frequently because it is designed to give a snapshot of mortgage accounts at a point in time.

Q11: Will any of the proposed data items for bridging loans cause practical issues (e.g. the proposed format of the data)? If so, please provide details.

2.23 The trade body that responded on behalf of bridging firms expressed concerns about the costs of reporting, and the possible impact on competition in this market. This is because bridging firms are mostly very small and rely on manual processes rather than sophisticated IT systems (e.g. loan data is kept on spreadsheets). Therefore data will need to be input manually, which can be time-consuming and therefore costly, or firms would have to invest in IT, which may also be costly. It was felt that larger firms will have a significant competitive advantage as they will be able to absorb the costs more easily, and that smaller firms would therefore be inhibited from operating in this market.

Our response

Given the potential conduct risks in this sector we believe it is very important to collect loan-level data on bridging loans, particularly in light of the ongoing expansion of this sector. Lack of data inhibits our ability to understand these risks and effectively supervise the market.

In practice, many of the data items will not be relevant for bridging loans, as most lending takes place on an interest roll-up basis where payments are not required or anticipated during the term – so affordability items will not need to be reported, and most forbearance items are unlikely to be relevant. In addition, some of the fields relating to the characteristics of mortgages will not apply e.g. type of reversion rate (as most bridging products do not have a reversion rate). Together this reduces the maximum number of fields to be reported by around half, which will help minimise the costs of reporting for bridging firms.

As discussed in Q16, based on costs information provided during consultation, we expect one-off and ongoing costs for bridging firms to be relatively small when compared to their profits and turnover, particularly given that many of the data fields will not be relevant. Therefore we do not expect it will deter firms from entering the market or make it difficult for firms to continue operating in the market.

See Q16 for further discussion of costs.

Q12: Do you agree with our approach to making allowance for the reporting of second charge mortgages?

2.24 Respondents were in favour of this proposal.

2.25 One respondent questioned when this data would need to be reported e.g. from April 2014 when second charge mortgages will fall under the interim consumer credit regime, or at some later point.

Our response

We included the data items for second charge mortgages in CP13/02 in case it was helpful for firms to build them into their systems now on the basis that they can be switched on later, if required. There is no current requirement for firms to report this data to us, and no obligation for firms to build these data fields into their systems now.

We have not included any references to second charge mortgages in the new rules, and cannot confirm if these data items will definitely be used for second charge mortgages.

In our consultation on the consumer credit regime (CP13/10), we proposed that we would not apply any reporting requirements to second charge mortgage firms in the interim period. This is because these firms will be subject to a different regime in the longer term as a result of the Mortgage Credit Directive. However, we may make ad-hoc data requests to second charge mortgage firms where we feel it is necessary to help us supervise them. We will revisit and consult on the regular reporting requirements for second charge mortgage firms as part of the longer-term regime changes.

Q13: Do you have any comments on the draft rules set out in the draft Supervision Manual (Product Sales Data and Mortgage Lending and Administration Return) Instrument 2013 at Appendix 1? Do you think the rules reflect the stated policy intention?

2.26 Respondents generally agreed that the rules relating to PSD reflect the policy intention, but requested clearer data definitions, and raised some questions about the definitions of individual data fields.

Our response:

As stated above, we have amended the rules in response to feedback, particularly to the Handbook notes to make them clearer. See Appendix 1 for the final Instrument.

Q14: Do you agree that the proposed changes to SUP 16.12, along with the proposed new forms and Guidance Notes, will provide us with sufficient information to assess whether firms are complying with the MIPRU capital and liquidity resources requirements?

2.27 Two respondents agreed with the proposed changes, and another noted that the proposed changes will provide greater information to assess whether firms are complying with the MIPRU capital and liquidity resources requirements.

2.28 A further respondent asked us to confirm that the new requirements do not apply to a firm that is not subject to MIPRU.

2.29 A trade association representing smaller firms stated their members still have considerable concerns about the accessibility and cost of the new prudential rules, which it has made clear in previous discussions and responses to consultations. They suggested that the rules are complex and many firms are waiting for us to provide support and clarification. Firms that have suggested they will be ready on time have done so in anticipation that we will provide such support in time; without this, there is a danger that firms may not be able to demonstrate that they have the required capital.

2.30 The trade association also commented that the lack of specialist compliance advisers in this market means their firms do not have a resource they can readily approach. And even if such resource could be found, it is likely to be costly. They suggested it is vital, therefore, that either we provide support to make the rules accessible or state we cannot. The latter would allow firms to assess whether or not they are able to comply. They suggested it would also be helpful if we could indicate any market resource that firms could approach for assistance. Finally, they stated that the required liquidity information is fairly simplistic and should be easy to deal with for most firms.

Our response

In accordance with SUP 16.12, a firm will be subject to the new reporting requirements if it falls within RAG 5[10], which broadly applies if the firm has permission to administer or enter into a regulated mortgage contract. However, this will not apply if the firm is subject to a lower-numbered RAG, for example if it has permission to undertake deposit taking and is therefore subject to a higher level of reporting. So if a firm is excluded from MIPRU, and is subject to a lower-numbered RAG, the proposed changes will not affect it.

We have considered the implications of applying the new requirements to smaller non-banks and, as we stated in paragraph 3.5 of CP13/02, we are considering how the new prudential regime could be made more accessible to firms. We will be communicating our approach on this directly to affected firms.

10 RAG is defined as 'Regulatory Activities Group'. This is a set of one or more regulated activities (with associated investment types and customer types) referred to in SUP 16 to determine a firm's or other regulated person's data item submission requirements. The lower the RAG number, the higher the level of risk and therefore the level of information required.

Q15: Do you have any comments on the draft rules set out in the draft Supervision Manual (Product Sales Data and Mortgage Lending and Administration Return) Instrument 2013 at Appendix 1? Do you think the rules reflect the stated policy intention?

2.31 We received two responses.

2.32 One respondent agreed the proposed rules reflect the intention of collecting additional information through the MLAR, which is to help supervise the MIPRU prudential requirements. They also asked for further clarity on three points, which we respond to in Table 2.

2.33 The other respondent asked for further clarity on two points, which we also respond to in Table 2.

Table 2

Question	Response
The definition of Total Assets in line C4.2 excludes existing non-recourse securitised balances, which are off-balance sheet and included in Section A3.6 of the MLAR. Where do we expect these balances to be included in the proposed capital form, if at all?	Details of all securitisations arising after the implementation date of the new rules should be included in Part 3 of the new form MLAR Section L. This includes securitisations where the firm has not retained any exposure. Any retention held by the firm in respect of securitisations will be included in the total assets on line C4.2 of MLAR Section C. If the securitisation arises after the implementation date of the rules, it will be included in line C4.2a and row 5 of MLAR Section L.
Under the new rules, a firm still reports off-balance sheet securitisations in Section A3. The 1% capital charge will be based on the total value of assets as shown at line A1.12 in MLAR Section A, which excludes off-balance sheet non-recourse securitisations. The credit risk requirement is based on lending after the implementation date of the new rules, so applying this definition, the existing securitised loan balances are not included in this element of the capital charge calculation either. Therefore, it appears that off-balance sheet securitised non-recourse loans are not included in either asset balance used to calculate the capital charge.	Existing off-balance sheet securitisations can be excluded from the new credit risk capital calculation so long as they do not fall within the scope of the application provision in MIPRU 4.2A.4R. Details of all securitisation positions originated after the implementation date should be entered into Part 3 of MLAR Section M, including those where the firm has not retained any exposure. Any retention held by the firm for such securitisations will be included in the total assets on line C4.2 of MLAR Section C and line C4.2a and row 5 of MLAR Section L.
Do we plan to issue more prescriptive guidance on what should be classed as liquid resources for the purpose of Section M Part 1 Question 2? The proposed Guidance Note states that in deciding the amount of liquid resources that a firm holds or is able to generate, it should have regard to MIPRU 4.2D.3G. This mentions realisable assets, but does this include all assets which are realisable, and how is 'realisable' defined? In particular, is it restricted to cash?	We do not propose to issue any further guidance on the definition of liquidity resources. Our view is that it will depend upon the individual circumstances of the firm and will need to be assessed on that basis in line with the Guidance already available. We can confirm though that it is likely that liquidity resources will not be limited only to cash. We have amended the references to liquid resources in Section M Part 1 Question 2, and the connected guidance, to liquidity resources.

Question	Response
Can we provide more clarity on the definition of 'relevant exposure', in particular what types of loans are covered? Does this only cover loans to customers or include others such as intercompany loans?	For the purposes of completing MLAR Section L, a relevant exposure is a loan entered into, a securitisation position originated, or a collective investment undertaking position entered into after the implementation date of the new rules. All loan types fall within the definition, including intercompany loans.
What should be reported under the definition of 'collective investment undertaking'? It would be useful if the FCA could provide some examples in the Policy Statement.	The term 'collective investment undertaking', as used in MIPRU 4.2A.4R, is a broad concept. It generally refers to a vehicle that pools together capital raised from investors and has the purpose of generating a pooled return from the risk generated by acquiring, holding or selling investment assets. Examples of collective investment undertakings are Undertakings for Collective Investment in Transferable Securities (UCITS), which include unit trusts, and alternative investment funds.

2.34 We also received a query from a firm that has a permission to arrange investment transactions in addition to its permission to administer regulated mortgage contracts. Under the terms of SUP 16.12, this makes it subject to RAG 3, which means it must fill in the RMAR rather than the MLAR. The firm wondered how it should report its capital position, given that the RMAR does not appear to reflect a firm's correct capital requirement, where it is higher under MIPRU than under IPRU (INV) (which it is also subject to as a result of its investment business permission).

Our response

Such a firm must ensure that it holds enough capital to meet both the relevant MIPRU and IPRU (INV) requirements. Although we do not require the firm to submit MLAR Section C or MLAR Section L, we have amended the RMAR guidance in SUP on the *Other capital requirements* box on RMAR Schedule D1 to require the firm to reflect any additional MIPRU-driven requirement there. We have also clarified in SUP 16.12.11 that such a firm must complete MLAR Section M for its Liquidity Resources (unless it has a restriction on its permission that prevents it from undertaking new regulated mortgage business).

Q16: Do you agree with our cost estimates for PSD? Do you have any information on costs that could help us improve our estimates?

2.35 Many respondents thought we had underestimated the costs to firms, with one trade body stating that we had particularly underestimated the resource implications of reporting the performance data. Most respondents were not able to provide further cost information to help us improve our estimates. Some felt that they could not provide further estimates until they had certainty about data definitions, and others said they would need to set up IT projects to estimate the costs, which they would not do until they have the certainty of the final rules.

2.36 One trade body estimated that a high-end estimate for one-off costs could be upwards of £2 million per firm (for larger firms). Another trade body provided estimates for the costs to bridging lenders, many of whom will rely on manual data entry. Their view was that manual input of sales data could cost £25 per case, with performance data around the same level. Alternatively, they suggested that bridging firms could invest in systems, which would cost £25,000-£50,000. This respondent thought it would be more proportionate to collect aggregate (rather than loan level) data from bridging lenders.

2.37 Because of the costs involved, respondents thought it would be important for us to set out clearly why we need the data, and how it will help us to deliver our objectives; and to work closely with the industry when finalising the requirements, where possible rationalising the data to reduce costs.

Our response

We want to collect this data to help us monitor and supervise the MMR, and to identify, monitor and respond to mortgage market risks more effectively.

Given the uncertainty of our estimates, we were particularly keen to get further assessments of the likely impact on firms. We have, therefore, continued to seek indications of costs from firms throughout the consultation process. We have received nothing that would suggest the need to materially revise the figures set out in the cost benefit analysis in CP13/02, other than to increase the upper bound figure for one-off costs for larger lenders to £2 million. While a significant amount, we do not believe that it would deter such firms from operating in this market.

We have stated in response to Q11 above why we believe it is important to collect loan-level data on bridging loans. The cost estimates provided by bridging firms are within our estimates set out in the original cost benefit analysis. The one-off and ongoing costs are relatively small when considered as a proportion of their profits and turnover. Also, costs will be less given that many of the data fields are not relevant for bridging firms (as stated previously, it is likely that only around half of the data fields will need to be reported). Therefore we do not expect that the new data requirements will make it difficult for firms to continue operating in this market, or materially deter firms from entering the market.

We have worked closely with the industry to ensure that the final dataset is proportionate and workable, with clear data definitions. This has reduced the number of data fields. We have also reduced the reporting of regular performance data to once every six months, rather than the quarterly basis originally proposed. This will significantly reduce the resource implications of reporting performance data. These amendments should minimise the costs to firms as much as possible, without undermining our ability to monitor and supervise the MMR.

Q17: **Do you agree with our cost estimates for the MLAR? Do you have any information on costs that could help improve our estimates?**

2.38 Very few comments were received on this question, with those who responded generally agreeing that the estimates were reasonable. One trade body provided more detailed cost estimates for bridging lenders, which were in line with our estimates.

Our response

We have made not made any material changes to the MLAR in response to feedback.

Annex 1
List of non-confidential respondents

Association of Short Term Lenders

Aviva

Bank of Ireland

Building Societies Association

Council of Mortgage Lenders

HSBC

Information Commissioner's Office

Mansfield Building Society

Office for National Statistics

Step Change Debt Charity

Stonehaven UK Limited

Theresa Fernandes Mortgage Consultant

UBS AG

West Bromwich Building Society

Which?

Yorkshire Building Society

Appendix 1
Made rules (legal instrument)

SUPERVISION MANUAL (PRODUCT SALES DATA AND MORTGAGE LENDERS AND ADMINISTRATORS RETURN) (AMENDMENT) INSTRUMENT 2013

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) section 137A (The FCA's general rules);
(2) section 139A (Power of the FCA to give guidance); and
(3) section 137T (General supplementary powers).

B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force as follows:

(1) Part 1 of the Annex to this instrument comes into force on 1 January 2015;
(2) Part 2 of the Annex to this instrument comes into force on 1 January 2015.

Amendments to the FCA's 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 (Product Sales Data and Mortgage Lenders and Administrators Return) (Amendment) Instrument 2013.

By order of the Board
12 December 2013

Annex

Amendments to the Supervision manual (SUP)

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

Part 1: Comes into force on 1 January 2015

16.11.2 G (1) The purpose of this section is to set out the requirements for *firms* in the retail mortgage, investment, and *pure protection contract* markets specified in *SUP* 16.11.1R to report individual product sales data, and to report individual performance data on *regulated mortgage contracts*, to the *FCA*. In the case of *firms* in the sale and rent back market, there is a requirement to record, but not to submit, ~~the~~ sales data. These requirements apply whether the *regulated activity* has been carried out by the *firm*, or through an intermediary which has dealt directly with the *firm*.

…

16.11.3 R (1) A *firm* must submit a report (~~the~~ a 'data report') containing the information required by:

(a) *SUP* 16.11.5R (a 'sales data report'), within 20 *business days* of the end of the ~~quarter,~~ reporting period; and

(b) for *regulated mortgage contracts*, *SUP* 16.11.5AR (a 'performance data report'), within 30 *business days* of the end of the reporting period;

unless (3), (3A) or (4) applies.

(2) The reporting periods are:

(a) for sales data reports, the four calendar quarters of each year beginning on 1 January; and

(b) for performance data reports, the six month periods beginning on 1 January and 1 July in each calendar year.

(3) A *firm* need not submit a sales data report if no relevant sales (excluding sales of *regulated mortgage contracts*) have occurred in the quarter.

(3A) A *firm* must submit a nil return:

(a) in the case of a sales data report, if no relevant sales of *regulated mortgage contracts* have occurred in the quarter; and

(b) in the case of a performance data report, if there is no relevant performance data on *regulated mortgage contracts* in respect of the relevant reporting period.

…

16.11.4 G (1) A *firm* may submit a sales data report more frequently than ~~quarterly~~ required by *SUP* 16.11.3R if it wishes.

…

16.11.5 R ~~The~~ A sales data report must contain sales data in respect of the following products:

…

16.11.5A R A performance data report must contain performance data in respect of *regulated mortgage contracts.*

…

16.11.7 R ~~The~~ A data report must comply with the provisions of *SUP* 16 Annex 21R.

16.11.8 R ~~The~~ A sales data report must relate both to transactions undertaken by the *firm* and to transactions undertaken by an intermediary which has dealt directly with the customer on the *firm's* behalf.

16.11.8A G Where the *operator* of a *collective investment scheme* receives business from a *firm* which operates a nominee account, the sales data report in respect of those transactions submitted by the *operator* should treat those transactions as transactions undertaken by the *operator* with the *firm*.

16.11.9 R A *firm* must provide ~~the~~ a data report to the *FCA* electronically in a standard format provided by the *FCA*.

…

16.11.11 R (1) A *firm* may appoint another *person* to provide ~~the~~ a data report on the *firm's* behalf if the *firm* has informed the *FCA* of that appointment in writing.

…

…

16 Annex 20G **Products covered by the reporting requirement in SUP 16.11**

G This is the *guidance* referred to in SUP 16.11.6G.

SUP 16.11.3R ~~requires~~, *SUP* 16.11.5R and *SUP* 16.11.5AR require certain *firms* to report product sales data and, in respect of *regulated mortgage contracts*, performance data. For reporting purposes, a reportable sale applies (other than in the case of a mortgage transaction) where the contract has been made and the premium has been paid.

In the case of mortgage transactions, the reporting requirement only applies to loans for house purchase and remortgages and (in the case of sales data only) not to further advances. In the case of sales data, a ~~A~~ reportable mortgage transaction applies where the mortgage transaction has completed (i.e. funds have been transferred and have been applied for the purpose of the mortgage).

…

Part 2: Supporting product definitions/guidance for product sales data reporting

Part 2 contains *guidance* on the terms used in part 1 and on other relevant material.

Where products have not been defined in the *Glossary*, an explanatory description is provided.

…

Mortgages

(a) Types of interest or reversion rate

Types of interest or reversion rate	**Description**
…	
Discounted variable rate	where a discount is applied to ~~the lender's standard~~ a variable rate, usually for a limited period of time.
~~**Tracker**~~	~~where the interest rate is guaranteed to move in line with either the Bank of England Base (or repo) Rate (BBR) or another index such as LIBOR (London InterBank Offered Rate).~~
Bank of England Base	where the interest rate is guaranteed to move in line with the Bank of England Base (or

Rate tracker	Repo) Rate.
LIBOR tracker	where the interest rate is guaranteed to move in line with LIBOR (the London InterBank Offered Rate).
Other tracker	where the interest rate is guaranteed to move in line with an index other than the Bank of England Base (or Repo) Rate or LIBOR.
Capped (and collared) rate mortgage	…
~~**Cashback**~~	~~a cash amount paid by a *mortgage lender* to a *customer* (typically at the beginning of a contract) as an inducement to enter into a *regulated mortgage contract* with the *mortgage lender*.~~
…	

(b) Features

Data Item	Description
Flexible mortgage	…
Cashback	a cash amount paid by a *mortgage lender* to a *customer* (typically at the beginning of a contract) as an inducement to enter into a *regulated mortgage contract* with the *mortgage lender*.
Offset mortgage – positive and/or negative offset	…
Mortgage with a shared equity loan attached	where the lender is aware that the *customer* will also have a shared equity loan secured on the property.
~~**Loans where income is not evidenced**~~	~~This applies to loans which are based on one or more *persons'* incomes. These loans are those where the lender has no independent documentary evidence to verify income (e.g. as provided by an employer's reference, a bank statement, a salary slip, a P60, or audited/certified accounts).~~
~~**Total gross income**~~	~~This is the total of the gross annual incomes (before tax or other deductions) of each of the individual borrowers whose incomes were taken into account when the lender~~

	~~made the lending assessment/decision. For these purposes, each borrower's gross income is the sum of that person's main income and any other reckonable income (e.g., overtime, income from other sources etc to the extent that the lender takes such additional income into account in whole or in part). For example if borrower A has gross income of £25,000 and borrower B has gross income of £20,000 then total gross income for the loan would be £45,000.~~
Mortgage with indemnity insurance attached	where a mortgage has attached indemnity insurance to protect the lender in the case of default, whether arranged by the lender privately or through a government scheme.

16 Annex 21R **REPORTING FIELDS**

R This is the annex referred to in SUP 16.11.7R.

1 GENERAL REPORTING FIELDS

The following data reporting fields must be completed, where applicable, for all reportable transactions and submitted in a prescribed format. ~~Shaded boxes represent non-compulsory data items.~~

[Editor's Note: In the table below, the rows commencing "Reference number of the intermediary's principal or network" and "Advice at point of sale" are not shaded as these are now compulsory items.]

Data reporting field	Code (where applicable)	Notes
~~reference~~ Reference number of product provider	6 digit number	This field must contain the *firm* reference number of the *firm* providing the data report.
~~reference~~ Reference number of *firm* ~~which~~ that sold the product	6 digit number	This field must contain the *firm* reference number (FRN) of the *firm* which sold the product. For a *firm's* own direct sales, enter the *firm's* own ~~reference number~~ FRN. For sales via an intermediary enter the intermediary's

		~~reference number~~ FRN. Where the intermediary is an *appointed representative*, the FRN of the *appointed representative* must be reported.
Transaction reference (*regulated mortgage contracts* only)	Numeric / Alphanumeric	A unique reference for the transaction, internal to the reporting *firm*, that will enable the *firm* to provide the *FCA* with more information concerning the transaction if required, e.g. the account number, application number etc.
Advice at point of sale	Y = advised N = non-advised	~~This information will not have to be reported until July 2006.~~ ~~*Firms* will however be able to report his information before then if appropriate by using the appropriate code to indicate whether the sale was advised or non-advised.~~ For reporting purposes non-advised includes execution-only and direct offer transactions.
~~reference~~ Reference number of the intermediary's *principal* or *network*	6 digit number	This field only applies if the sale has been made by an intermediary who has a *principal* or is part of a *network*. Report the *firm* reference number (FRN) of the intermediary's *principal* or *network*, where they have one. The FRN of the intermediary who sold the product should **not** be reported here, but in the field 'Reference number of *firm* that sold the product'

		above.

2 SPECIFIC REPORTING FIELDS

…

(c) Mortgages

The following data reporting fields must be completed, where applicable for all relevant *regulated mortgage* ~~*transactions*~~ *contracts* ~~(with the exception of further advances)~~:

~~Note~~ Notes:

(1) All amounts should be expressed in £ (regardless of the currency in which the loan is advanced) and converted as necessary.

(2) In the case of mixed interest rate options/combination mortgages~~,~~ or where the loan is otherwise split into more than one part, a reporting field should be completed by reference to ~~sales data should only be provided for the rate applying to~~ the largest portion of the overall mortgage balance unless otherwise stated.

(3) In the case of sales data only, reporting fields should not be completed in relation to further advances.

(4) Where a field is to be completed by reference to a person or persons as “first borrower”, “second borrower” or “third and subsequent borrowers”, all other fields containing that term should be completed by reference to the same person or persons as are identified as the first borrower, second borrower or third and subsequent borrowers as the case may be.

(5) A guarantor should be treated as a borrower where their income has been taken into account in the affordability assessment.

(6) Performance data should continue to be reported until the account in relation to the loan (or in relation to the final part of the loan outstanding) is closed or there is only a nominal balance outstanding on the account (i.e. where a mortgage account remains open with a nominal balance for administrative reasons). In the case of repossession, it is expected that the relevant account would be closed when the property is sold unless there is a *sale shortfall*. Where there is a *sale shortfall*, it is expected that this would take place on discharge of the amount of the shortfall (whether by or on behalf of the borrower or otherwise).

(7) Where a date to be inserted in a reporting field in a performance data report would be before 1 January 2015, firms may insert either the

earlier date or 1 January 2015.

[Editor's Note: In the table below, the following rows:

- *"Mortgage characteristics"*
- *"The purpose of extra money withdrawn for remortgages"*
- *"County court judgments (CCJs)"*
- *"Impaired credit history"*

are no longer shown shaded as these are now compulsory items.

Also, some of the rows are now in a different location within the table.]

Data reporting field	**~~Illustrative code~~ Code (where applicable)**	**Notes**
Sales Data (report for all *regulated mortgage contracts*)		
Date mortgage account opened	DD/MM/YYY	Date of mortgage completion or draw-down of the funds.
How the sale was made	F = direct face-to-face T = direct telephone I = direct internet P = direct post O = direct other I = intermediary	Report how the sale was made. 'Direct' refers to sales made by the product provider. 'Direct internet' includes direct sales made via email or other electronic means of communication. 'Intermediary' refers to sales made by an intermediary. Where a sale has been made through more than one method, e.g., telephone and then post, report the channel where the product choice was made.
Interest rate type	~~F~~ 01 = fixed rate ~~D~~ 02 = discounted variable rate ~~T = tracker~~ ~~C~~ 04 = capped rate	Enter the relevant code. If none of the existing codes apply enter sale as '~~O~~ 99' to denote 'other'. Only 1 code can be entered. Examples of 'other' include managed variable rates which are

	~~V~~ 05 = standard variable rate 06 = BoE base rate tracker 07 = LIBOR tracker 08 = other tracker ~~O~~ 99 = other	not standard variable rates, and individually negotiated variable rates.
Date incentivised rate ends	DD/MM/YYYY	Report for any product where an initial incentivised rate later moves to a reversion rate. For example, fixed, capped, tracker or discounted rates where the *customer* is paying an incentivised rate for a set period. Where there are several incentivised rates, e.g. a fixed rate, followed by a tracker rate, which then reverts to a standard variable rate (SVR), report the date when the rate reverts to the SVR. When an incentivised rate lasts for the full term of the mortgage, e.g. a lifetime tracker, or a fixed rate that lasts for the full term, report the end of term date.
Type of reversion rate	01 = fixed rate 02 = discount 04 = capped rate 05 = standard variable rate 06 = BoE base rate tracker 07 = LIBOR tracker 08 = other tracker	Enter the relevant code. If none of the existing codes apply enter sale as '99' to denote 'other'. Only 1 code can be entered. Examples of 'other' include managed variable rates which are not standard variable rates (SVR), and individually negotiated variable rates. If there is no reversion rate, e.g. for mortgages sold on a SVR, or a rate that is fixed for the term, report '98' to denote 'not applicable'.

	<u>98 = not applicable</u> <u>99 = other</u>	
<u>Type of mortgage</u>	<u>L = *lifetime mortgage*</u> <u>SA = *shared appreciation mortgage*</u> <u>SO = shared ownership mortgage</u> <u>BM = business loan</u> <u>BL = bridging loan</u> <u>GM = guarantor mortgage</u> <u>HN = loan to a *high net worth mortgage customer*</u> <u>BR = buy-to-let mortgage (regulated)</u> <u>LO = low start mortgage</u> <u>SB = self-build mortgage</u> <u>SE = secured overdraft</u> <u>NA = not applicable</u>	<u>Use code to indicate mortgage type. Report all relevant codes.</u> <u>Report 'NA' to denote 'not applicable' where codes do not apply.</u> <u>Report a 'guarantor mortgage' where the income of a guarantor has been included in the affordability assessment.</u> <u>Report a 'low start mortgage' where payments are made on an interest-only basis for a set period at the start of the mortgage, but payments contractually revert to a repayment basis after this set period.</u>
Mortgage characteristics	<u>SE = mortgage with shared equity scheme loan attached</u>	Use code to indicate additional mortgage characteristics if applicable. <u>Report all relevant codes.</u>

	MI = mortgage with indemnity insurance attached CB = cashback FF = flexible features (allowing overpayments and underpayments) OS = offset positive and/or negative balances ~~L = the loan is a *lifetime mortgage*~~ ~~SAM = the loan is a *shared appreciation mortgage*~~ NA = not applicable	Report 'NA' to denote 'not applicable' where codes do not apply. 'Cashback' should only be reported where it ~~is linked to a variable interest rate and where the cashback~~ is not being provided as an incentive to pay legal costs and valuation fees. ~~Where more than 1 code applies, report all~~ See *SUP* 16 Annex 20G Part 2 Mortgages table (b) for further explanation of these mortgage characteristics.
Was this mortgage advanced under a government supported initiative?	Y = yes N = no	Report whether the mortgage was advanced under a government supported initiative, e.g. through provision of a shared equity loan or indemnity insurance.
Post code of the ~~Mortgaged~~ mortgaged property	e.g. XY45 6XX	Report the post code of the mortgaged property. For new build/self build properties only, *firms* may report only the first half of the postcode, e.g. XY45, if the full postcode has not yet been assigned. For all other properties, the full postcode of the property must be reported, e.g. XY45 6XX.
Type of borrower	F = first time	Use code to indicate type of

	~~Buyers~~ buyer M = home movers (2nd or subsequent buyers) R = remortgagors C = council/ registered social landlord tenant exercising their right to buy O = other ~~N = not known~~	borrower. A mortgage taken on a previously unencumbered property should be reported as a remortgage. Only 1 code should be entered. Report 'O' for *lifetime mortgages* and *bridging loans*.
Method of repayment	C = capital and ~~I~~interest ~~E = interest only/ Endowment~~ I = interest-only~~/ ISA~~ ~~P = interest only/Pension~~ ~~U = interest only/Unknown~~ M = mix of 'capital and interest' and 'interest-only' ~~N = not known~~	Use code to indicate method of mortgage repayment. Only 1 code should be entered. Report low start mortgages (i.e. mortgages where payments are made on an interest-only basis for a set period at the start of the mortgage, but payments contractually revert to a repayment basis after this set period) as interest-only.
Repayment strategy for interest-only and mixed mortgages	E = endowment P = pension S = savings or investments (other than endowments and	Report where any part of the mortgage has been advanced on an interest-only basis. Where there is more than one repayment strategy, report all.

	pensions) M = sale of mortgaged property B = sale of other property (e.g. buy-to-let or second home) A = sale of other asset C = occasional payments from income R = repaid by capital and interest (for low start mortgages) F = refinancing (for *bridging loans*) L = *lifetime mortgage* O = other repayment strategy	
For mixed mortgages, the percentage that is on an interest-only basis	Numeric	Report the percentage of the loan on an interest-only basis for mixed mortgages (i.e. mortgages that are a mix of capital and interest and interest-only).
Is this an *interest roll-up mortgage*?	Y = yes N = no	Report 'Y' where all or part of the loan is on an interest roll-up basis.
Term of mortgage in months	Numeric	Report the mortgage term in months. Where the loan is split into more than one part, report the term

		applying to the largest part of the loan. ~~Number in whole years.~~ ~~(Optional for *Lifetime* and *Shared appreciation mortgages*~~)
Size of loan	Numeric £	~~Report the~~ The original ~~interest bearing~~ balance ~~at completion of the~~ when the mortgage was completed. This amount should include fees and charges added to the loan.
Market ~~Value~~ value of the mortgaged property	Numeric £	Report the market value of the mortgaged property represented as a sterling equivalent amount. The value reported should be based on~~:~~ the surveyors valuation, ~~(or from~~ a valuation index,~~)~~ or other method that the product provider used to determine the market value. • ~~From the customers estimated value as captured on the application form.~~ In the case of staged construction or self build schemes, value means 'expected final value of property at the time the lending decision is made'.
Type of valuation at origination of mortgage	I = internal inspection E = external inspection only, including drive-by A = automated valuation model, indexed or desktop valuation O = other	Report the type of valuation undertaken to obtain the market value of the mortgaged property. An internal inspection is where a valuer has carried out an internal inspection of the property. An external inspection is where the property has been inspected (including by drive-by inspection), but without an internal inspection of the property.
~~Income Basis~~	~~S = single income~~	~~Use code to indicate whether the income assessment has been made~~

	~~J = joint income~~	~~on a single or joint basis.~~ ~~(Optional for *Lifetime* and *Shared appreciation mortgages*)~~
~~Age~~ Date of birth of ~~main~~ first borrower	DD/MM/YYYY	Report ~~age~~ date of birth of ~~main~~ first borrower ~~only~~.
Date of birth of second borrower	DD/MM/YYYY	Report date of birth of second borrower (where there is a second borrower)
Amount of extra money withdrawn for remortgages	Numeric £	For remortgages only, report the amount of extra money withdrawn, when the new mortgage is larger than the previous mortgage. Report the extra money withdrawn as the size of the new loan reported less the value of the previous mortgage outstanding immediately prior to completion.
The purpose of extra money withdrawn for remortgages ~~Remortgage transactions only~~	~~N = no extra money raised~~ H = ~~extra money raised for~~ home improvements D = ~~extra money raised for~~ debt consolidation ~~M- extra money raised for home improvements and debt consolidation~~ O = other	Use ~~code~~ codes to indicate the purpose(s) of the ~~remortgage~~ extra money withdrawn for remortgages. Report all that apply. ~~Only 1 code can be entered~~
Amount of debt consolidated	Numeric £	Report only where the borrower is consolidating debt into the new mortgage.
County court judgments (CCJs) – first borrower (Value)	Numeric £	~~Applies~~ Report where the first borrower ~~borrower/s~~ has been the subject of one or more CCJs, ~~– within the~~ **last 3 years** ~~- either~~

		~~satisfied or unsatisfied –~~ with a total value greater than £500, within the last three years (whether satisfied or unsatisfied). Report '0' where the borrower does not have any CCJs. Where a CCJ is registered against the first and second borrower, report for both. A reference to the 'county court' is a reference to the county court in England and Wales, the county court in Northern Ireland and the sheriff court in Scotland.
County court judgments (CCJs) – second borrower (Value)	Numeric £	Report where the second borrower has been the subject of one or more CCJs, with a total value greater than £500, within the last three years (whether satisfied or unsatisfied). Report '0' where the borrower does not have any CCJs. Where a CCJ is registered against the first and second borrower, report for both. A reference to the 'county court' is a reference to the county court in England and Wales, the county court in Northern Ireland and the sheriff court in Scotland.
Impaired credit history of first borrower	A = arrears V = IVA B = ~~Bankruptcy~~ bankruptcy D = debt relief order NA = not applicable	Use code/s to indicate applicable credit history of first borrower. Report all that apply. A = applies ~~to secured and unsecured loans~~ where within the last two years, the ~~borrower/s~~ first borrower has ~~arrears on a previous (or current) mortgage or other secured loan within the **last 2 years** where the cumulative amount overdue at any point reached three or more monthly payments or~~ owed overdue payments, of an amount

		equivalent to three months payments, on a mortgage or other loan (whether secured or unsecured). V = applies where the ~~borrower/s have~~ first borrower has been subject to an individual voluntary arrangement (IVA) at any time within the last ~~3~~ three years. B = applies where the ~~borrower/s have~~ first borrower has been subject to a bankruptcy order at any time within the last ~~3~~ three years. D = applies where the first borrower has been subject to a debt relief order any time within the last three years. Where the impaired credit item relates to both the first and second borrower, report for both. Report 'NA' to denote 'not applicable' where the borrower has no relevant impaired credit history items. For the purposes of this note: - a reference to an 'individual voluntary arrangement' includes a protected trust deed in Scotland; - a reference to a 'bankruptcy order' includes a declaration as to bankruptcy made by the sheriff or the Accountant in Bankruptcy in Scotland; - a reference to a 'debt relief order' includes LILA (Low Income Low Asset) Bankruptcy in Scotland.
Impaired credit history of second borrower	A = *arrears* V = IVA	Use code/s to indicate applicable credit history of second borrower. Report all that apply.

	B = bankruptcy D = debt relief order NA = not applicable	A = applies where within the last two years, the second borrower has owed overdue payments, of an amount equivalent to three months payments, on a mortgage or other loan (whether secured or unsecured). V = applies where the second borrower has been subject to an individual voluntary arrangement (IVA) at any time within the last three years. B = applies where the second borrower has been subject to a bankruptcy order at any time within the last three years. D = applies where the second borrower has been subject to a debt relief order any time within the last three years. Where the impaired credit item relates to both the first and second borrower, report for both. Report 'NA' to denote ‘not applicable’ where the borrower has no relevant impaired credit history items. For the purposes of this note: - a reference to an ‘individual voluntary arrangement’ includes a protected trust deed in Scotland; - a reference to a ‘bankruptcy order’ includes a declaration as to bankruptcy made by the sheriff or the Accountant in Bankruptcy in Scotland; - a reference to a ‘debt relief order’ includes LILA (Low Income Low Asset) Bankruptcy in Scotland.

Initial gross charging rate of interest	Numeric %	The amount of interest reported should be the initial gross nominal rate charged on the loan and should take into account any discount being provided. Report this number to two decimal places (e.g. 3.49). Where the advance is split, the interest rate applying to the largest part of the advance should be reported.
Is there an *early repayment charge*?	Y = yes N = no	Report 'Y' where there is an *early repayment charge*.
Date *early repayment charge* ends	DD/MM/YYYY	If applicable, report date *early repayment charge* ends.
Purchase price of property (purchases only)	Numeric £	Report purchase price as stated on the mortgage application.
Is the dwelling new?	Y=Yes N=No	Report 'Y' if the property is a new build property. 'New' refers to the period in which the main structure of the dwelling was completed and also means where a dwelling is being occupied for the first time. It does not include new conversions of older dwellings.
Currency	GBP = United Kingdom Pound EUR = Euro USD = US dollars JPY = Japanese Yen OTH = other	If more than one applies, report the currency that applies to the largest proportion of the mortgage.
Customer's share of property, for shared ownership	Numeric %	Report percentage of *customer's* share.

Value of total loan available	Numeric £	Report the value of the total loan available without further underwriting, where not all available funds have been drawn down on completion of the mortgage. Examples of where this may be relevant include some *lifetime mortgages*, self build mortgages or flexible mortgages. Leave blank where the total loan available is the same as the size of the loan reported above.
Lender fees	Numeric £	Report fees and charges charged by the lender which are included in the calculation of the *annual percentage rate* of charge in relation to the mortgage. For example, fees for *advising* on or *arranging* the *regulated mortgage contract*, and product fees such as application, reservation and valuation fees. Do not report in this field *mortgage intermediary* or other third party fees included in the calculation of the *annual percentage rate* of charge. Report '0' where there are no lender fees.
Mortgage intermediary or third party fees	Numeric £	Report fees and charges charged by a *mortgage intermediary* or third party which are included in the calculation of the *annual percentage rate* of charge in relation to the mortgage. For example, fees for *advising* on or *arranging* the *regulated mortgage contract*. Do not report in this field fees or charges charged by the *mortgage lender* included in the calculation of the *annual percentage rate* (e.g. application, reservation and valuation fees). Report '0' where there are no

		intermediary or third party fees.
Amount of fees or charges added to the loan	Numeric £	Report any fees or charges that have been added to the sum advanced under the *regulated mortgage contract*, whether in relation to any *mortgage lender*, *mortgage intermediary* or other third party fees or charges. Report '0' where there are no fees or charges added to the loan.
Procuration fee paid to *mortgage intermediary* or other third party	Numeric £	Report value of *procuration fee* and cash value of any other material non-cash inducement paid by the *mortgage lender* to the *mortgage intermediary* or other third party. Report '0' where no *procuration fee* or any other material non-cash inducement has been paid to the *mortgage intermediary* or other third party.
Affordability data Do not report affordability data when affordability assessment has not been undertaken, i.e. for an *interest roll-up mortgage*. For *high net worth mortgage customers* and loans solely for a business purpose (where payments will be made from the resources of the customer), report the income/assets used in the affordability assessment in accordance with *MCOB* 11.6.34R(2)(a) or *MCOB* 11.6.26R(2)(a)(i) against the relevant borrower in the income fields below. For loans solely for a business purpose, where repayments will be made from the financial resources of the business and affordability has been assessed in accordance with *MCOB* 11.6.26R(2)(b), do not report the income or expenditure of the customer below.		
Number of borrowers whose incomes have been assessed in affordability assessment	1 = one 2 = two 3 = three or more	Report the number of borrowers whose incomes have been assessed in the affordability assessment. A guarantor should be considered as a borrower for the purposes of reporting, where their income has been relied on in the affordability assessment.
Number of	Numeric	Report the number of dependent

dependent adults		adults in household whose incomes have not been included in the affordability assessment. Report '0' where there are no dependent adults.
Number of dependent children	Numeric	Report the number of dependent children in household. Report '0' where there are no dependent children.
Employment status of ~~main~~ first borrower	E = employed ~~F = full time employee~~ S = self-employed R = retired O = other	~~Applies to main borrower only.~~ Only 1 code can be entered. Where the borrower has more than one employment status, report status that makes up largest portion of verified income.
Employment status of second borrower	E = employed S = self-employed R = retired O = other	Report only where there is a second borrower. Only 1 code can be entered. Where the borrower has more than one employment status, report status that makes up largest portion of verified income.
Retirement age of first borrower	Numeric	Report planned retirement age of first borrower, whether *customer* declared, or assumed, for the purposes of assessing affordability. Report only where the income of the first borrower has been taken into account in the affordability assessment.
Retirement age of second borrower	Numeric	Report planned retirement age of second borrower, whether *customer* declared, or assumed, for the purposes of assessing affordability. Report only where the income of the second borrower has been taken into

		account in the affordability assessment.
Income verification	Y = income evidenced by lender ~~N = income not evidenced~~ O = income evidenced by third party	Applies to loans based on one or more ~~persons'~~ incomes. ~~(see guidance notes relating to 'loans where income is not evidenced)~~ ~~(Optional for *Lifetime* and *Shared appreciation mortgages*~~ Report 'O' where the lender has outsourced evidencing of income to a third party.
~~Total gross income~~	~~Numeric £~~	~~The total income of all borrowers whose income was used in the credit assessment (see guidance notes for further explanation)~~ ~~(Optional for *Lifetime* and *Shared appreciation mortgages*)~~
First borrower – gross basic pay	Numeric £	Report verified gross basic pay from employment (whether from one or more jobs) for the first borrower. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
First borrower – gross other income from employment	Numeric £	Report verified gross other income from employment (whether from one or more jobs), such as bonus or overtime, for the first borrower. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where

		only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
First borrower – gross income from self-employment	Numeric £	Report verified gross income from self-employment (i.e. before deductions for tax and National Insurance) such as profits, dividends and salary, for the first borrower. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R. The amount reported may be an average of verified income from more than one year, if this is how the product provider assesses income, but before any reductions are applied (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
First borrower – gross other income	Numeric £	Report any other verified gross income, such as pensions, investments and state benefits, for the first borrower. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
Second borrower – gross basic pay	Numeric £	Report verified gross basic pay from employment (whether from one or more jobs) for the second borrower.

		The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
Second borrower – gross other income from employment	Numeric £	Report verified gross other income from employment (whether from one or more jobs), such as bonus or overtime, for the second borrower. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
Second borrower – gross income from self-employment	Numeric £	Report verified gross income from self-employment (i.e. before deductions for tax and National Insurance) such as profits, dividends and salary, for the second borrower. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R. The amount reported may be an average of verified income from more than one year, if this is how the product provider assesses income, but before any reductions are applied (e.g. where only a certain percentage of income is taken into account in the affordability assessment).

		Report '0' where there is no relevant income in this category.
Second borrower – gross other income	Numeric £	Report any other verified gross income, such as pensions, investments and state benefits, for the second borrower. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
Third and subsequent borrowers – gross basic pay	Numeric £	Report verified gross basic pay from employment (whether from one or more jobs) for the third and any subsequent borrowers. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
Third and subsequent borrowers – gross other income from employment	Numeric £	Report verified gross other income from employment (whether from one or more jobs), such as bonus or overtime, for the third and any subsequent borrowers. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where

		only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
Third and subsequent borrowers – gross income from self-employment	Numeric £	Report verified gross income from self-employment (i.e. before deductions for tax and National Insurance) such as profits, dividends and salary, for the third and any subsequent borrowers. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R. The amount reported may be an average of verified income from more than one year, if this is how the product provider assesses income, but before any reductions are applied (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
Third and subsequent borrowers – gross other income	Numeric £	Report any other verified gross income, such as pensions, investments and state benefits, for the third and any subsequent borrowers. The amount reported should be the annual amount of this type of income that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a certain percentage of income is taken into account in the affordability assessment). Report '0' where there is no relevant income in this category.
First borrower –	Numeric £	Report total annual net income of

total verified net income		first borrower that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a percentage of income is taken into account in the affordability assessment). Net income refers to income net of tax and national insurance (not net of financial commitments and expenditure). Report '0' where there is no relevant income in this category.
Second borrower – total verified net income	Numeric £	Report total annual net income of second borrower that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a percentage of income is taken into account in the affordability assessment). Net income refers to income net of tax and national insurance (not net of financial commitments and expenditure). Report '0' where there is no relevant income in this category.
Third and subsequent borrowers – total verified net income	Numeric £	Report total annual net income of third and any subsequent borrowers that has been verified in accordance with *MCOB* 11.6.8R, before any reductions are applied by the product provider (e.g. where only a percentage of income is taken into account in the affordability assessment). Net income refers to income net of tax and national insurance (not net of financial commitments and expenditure). Report '0' where there is no relevant income in this category.

Total outstanding credit commitments for all borrowers	Numeric £	Report total amount of credit commitments that will remain outstanding following the mortgage advance for all borrowers. Examples of credit commitments are loans, credit cards and hire purchase agreements. Report '0' if there is no expenditure in this category.
Total monthly payment for committed expenditure for all borrowers	Numeric £	Report total monthly payments for committed expenditure that will remain outstanding following the mortgage advance for all borrowers. Committed expenditure is credit and other contractual commitments. See *MCOB* 11.6.10R(1) for further information. Examples of committed expenditure are credit commitments such as loans, credit cards and hire purchase agreements; child maintenance; alimony; and the cost of a repayment strategy where the customer has an interest-only mortgage (where the mortgage has not been assessed on a capital and interest basis). See *MCOB* 11.6.11G(1) for more information. Report '0' if there is no expenditure in this category.
Basic essential expenditure and basic quality of living costs per household	Numeric £	Report the figure used in the affordability assessment for household expenditure, i.e. the basic essential expenditure and basic quality of living costs of the household, whether actual (i.e. customer specific information) or estimated (e.g. statistical or modelled data). Basic essential expenditure comprises expenditure for: housekeeping (food and washing); gas, electricity and other heating;

		water; telephone; council tax; buildings insurance; ground rent and service charge for leasehold properties; and essential travel (including to work and school). See *MCOB* 11.6.10R(2) for further information. Basic quality of living costs is expenditure which is hard to reduce and gives a basic quality of life (beyond the absolute basic essential expenditure items). Examples include: clothing; household goods (such as toiletries); basic recreation (television, some allowance for basic recreational activities, some non-essential transport) and childcare. See *MCOB* 11.6.10R(3) and *MCOB* 11.6.11G(2) for further information. For *high net worth mortgage customers*, and loans solely for a business purpose (where payments will be made from the resources of the customer), the amount of expenditure used in the affordability assessment in accordance with *MCOB* 11.6.34R(2)(b) or *MCOB* 11.6.26R(2)(a)(ii) may be reported. Report '0' if there is no expenditure in this category.
Stress-tested interest rate used to assess the effect of future interest rate rises on affordability	Numeric %	Report the actual rate used, e.g. sum of product rate plus any increment or flat rate. If *MCOB* 11.6.18R does not apply because the interest rate is fixed for five years or more, report the fixed rate. See *MCOB* 11.6.18R for the requirements for considering the effect of future interest rate increases.
Were the *MCOB* 11.7 transitional	Y = yes, to existing	Report where the transitional arrangements were used when

arrangements used?	borrower T = yes, to new borrower N = no	entering into the mortgage as set out in *MCOB* 11.7.

Data reporting field	**Code (where applicable)**	**Notes**
Performance Data (report for all *regulated mortgage contracts*)		
Reference number of lender that currently holds the mortgage	Numeric	This field must contain the *firm* reference number of the lender that currently holds the mortgage, whether they originated the mortgage or have bought it from another *firm*. Where the mortgage is securitised, this includes the lender that retains an interest in the mortgage.
Reference number of administrator	Numeric	Where the mortgage is administrated by a third party that is an *authorised person*, this field must contain the *firm* reference number of that *firm*.
Post code of the mortgaged property	e.g. XY45 6XX	Report the full post code of the mortgaged property, e.g. XY45 6XX.
Date of birth of first borrower	DD/MM/YYYY	Report date of birth of first borrower.
Date mortgage account opened	DD/MM/YYYY	Date of mortgage completion or drawdown of funds. This must be reported, where known. If it is not known, for example, because the reporting *firm* has purchased the loan from another firm, then it does not need to be reported.
Original transaction	Numeric	Report the unique transaction reference of the original product

reference		sales data transaction. This must be reported, where known. If it is not known, for example, because the reporting *firm* has purchased the loan from another *firm*, report a current unique reference for the transaction internal to the reporting *firm* (e.g. the account number), that will enable the *firm* to provide the *FCA* with more information concerning the account, if required.
Was the loan purchased from another firm?	Y = yes N = no	Report Y where the loan has been purchased from another firm.
Original size of loan	Numeric £	Report the original interest-bearing balance at completion of the mortgage. This must be reported, where known. If it is not known, for example, because the reporting *firm* has purchased the loan from another *firm* then it does not need to be reported.
Original term of loan (in months)	Numeric	Report number in months as at completion of the mortgage. This must be reported, where known. If it is not known, for example, because the reporting *firm* has purchased the loan from another *firm* then it does not need to be reported.
Reference number of original product provider	Numeric	This field must contain the *firm* reference number of the original product provider (even where the same product provider still holds the mortgage).

		This must be reported, where known. If it is not known, for example, because the reporting *firm* has purchased the loan from another firm who was not the original product provider, then it does not need to be reported.
Current balance outstanding	Numeric £	This is the interest bearing balance of the mortgage that is outstanding at the end of the reporting period, represented as a sterling equivalent amount. This amount should include *arrears*, and fees and charges added to the loan. For repossessions with a *sale shortfall*, continue to report the amount of the *sale shortfall* until the mortgage account is closed. For accounts closed during the reporting period, report '0'. Where the loan is split into more than one part, report the total current balance outstanding across all parts.
Current expected monthly payment	Numeric £	Report the current expected monthly mortgage payment, including any formally agreed reductions or increases in payments, e.g. due to forbearance. Where payments are collected on a basis other than monthly, such as quarterly or annually, report the monthly equivalent (e.g. for annual payments, report one twelfth of the annual payment). Where there is no expected payment, e.g. because the mortgage is an *interest roll-up mortgage*, report '0'.
Value of linked accounts	Numeric £	Report the value of linked accounts that are offset against the mortgage, e.g. to reduce the amount of interest

		payable, such as savings and current accounts. Do not report accounts that are not offset, e.g. savings account used as additional collateral for the mortgage. Report '0' where there are no linked accounts.
Current gross rate of interest charged	Numeric %	The rate of interest reported should be the gross nominal rate charged on the loan and should take into account any discount being provided. Where the loan is split into more than one part, report the interest rate applying to the largest part.
Current interest rate type	01 = fixed rate 02 = discount 04 = capped rate 05 = standard variable rate 06 = BoE base rate tracker 07 = LIBOR tracker 08 = other tracker 99 = other	Enter the relevant code that describes the current interest rate of the mortgage product. If none of the existing codes apply enter sale as ‘99’ to denote ‘other’. Only 1 code can be entered. Examples of 'other' include managed variable rates which are not standard variable rates, and individually negotiated variable rates. Where the loan is split into more than one part, report the rate type applying to the largest part.
Is the current rate an incentivised rate?	Y = yes N = no	Report ‘Y’ where the product has an initial incentivised rate which later moves to a reversion rate. For example, fixed, capped, tracker or discounted rates where the *customer* is paying an incentivised rate for a set period.
Date incentivised rate ends	DD/MM/YYYY	Report for any product where an initial incentivised rate later moves to a reversion rate. For example,

		fixed, capped, tracker or discounted rates where the *customer* is paying an incentivised rate for a set period. Where there are several incentivised rates, e.g. a fixed rate, followed by a tracker rate, which then reverts to a standard variable rate (SVR), report the date when the rate reverts to the SVR. Where an incentivised rate lasts for the full term of the mortgage, e.g. a lifetime tracker, or a fixed rate that lasts for the full term, report the end of term date.
Remaining term of mortgage	Numeric	Report remaining terms in months. Where the loan is split into more than one part, report the term applying to the largest part of the loan.
Months past maturity	Numeric	Report months past expected maturity date, for mortgages that have not been repaid after the contractual term had expired, where the term has not been extended. Keep reporting the account until closed, or until the term is extended. Where the loan is split into more than one part, report where one part has passed maturity. Where more than one part has passed maturity, report the part that is the longest past maturity. Report '0' for mortgages which are not past maturity.
Current method of repayment	C = capital and interest I = interest-only M = mix of 'capital and interest' and	Use code to indicate method of mortgage repayment. Only 1 code should be entered. For low start mortgages (i.e. mortgages where payments are made on an interest-only basis for a

	‘interest-only’	set period at the start of the mortgage, but payments contractually revert to a repayment basis after this set period), report as interest-only during the low start interest-only period. Report as capital and interest when the mortgage has reverted to a capital and interest basis. Where the loan is split into more than one part, report the method of repayment applying to the largest part.
Reason for closure of account	R = remortgage to same lender M = moved to a different property, mortgage taken with same lender (includes porting) P = repossession A = assisted sale V = voluntary repossession O = other	Report only for accounts closed in reporting period. Report ‘P’ where the account has been closed following repossession action (i.e. following the sale of the property). Report ‘A’ where the firm has assisted the borrower with selling the property. Report ‘V’ where the borrower has surrendered possession on a voluntary basis so that it can be sold by the *firm.* Where the loan is split into more than one part, and these parts are closed at different times, report the closure of account when the final part is closed. After the account has been closed, no further reporting is required.
Current amount of *payment shortfall*	Numeric £	Report current amount of *payment shortfall* at date of reporting. Report to two decimal places (i.e. pounds and pence). Report as a positive rather than a negative number. Where the loan is split into more

		than one part, report the current total *payment shortfall* that applies across all parts. Where there is no payment shortfall, report '0'.
Date of start of most recent instance of *arrears*	DD/MM/YYYY	Date when the account first met the definition of *arrears*, in the case of the most recent instance of *arrears*. Once reported, this same date should be reported for each reporting period during which this instance of *arrears* has been continuing (including the reporting period in which the *arrears* are cleared). If the account enters *arrears* again, the start date of the new instance of arrears should then be reported. *Arrears* has the meaning set out in the Glossary.
Is there a formal arrangement with a borrower to repay a *payment shortfall*	Y = yes N = no	Report 'Y' if there has been a formal arrangement in place to repay a *payment shortfall* at any time during the reporting period, whether the terms have been adhered to or not. For the purpose of this report, a formal arrangement is an agreement made with the customer to repay a payment shortfall, over and above the contractual mortgage payment, over a certain period of time. Where the loan is split into more than one part, report 'Y' where there has been a formal arrangement in place on any part.
Date of formal arrangement	DD/MM/YYY	Report date of most recent formal arrangement to repay a *payment shortfall* (where relevant). Once reported, this same date should be reported for each reporting period during which the

		arrangement is in place (including the reporting period in which the arrangement terminates). Where a formal arrangement is extended, continue to report the date of the original arrangement.
Capitalisation of *payment shortfall*	Y = yes N = no	Report 'Y' where a payment shortfall has been capitalised during the reporting period. (Note that this differs to the basis on which capitalisation is reported in the Mortgage Lending and Administration Return, as there is no requirement to delay reporting until the loan has been fully performing for a period of six consecutive months). Capitalisation is an arrangement agreed with the borrower to add all or part of a *payment shortfall* to the loan. Where the loan is split into more than one part, report 'Y' where there has been a capitalisation on any part.
Date of capitalisation of *payment shortfall*	DD/MM/YYY	Report date of most recent capitalisation event where this occurred during the reporting period. Capitalisation is an arrangement agreed with the borrower to add all or part of a *payment shortfall* to the loan.
Temporary switch to interest-only	Y = yes N = no	Report 'Y' where a temporary switch of all or part of the mortgage to interest-only has been in place at any time during the reporting period. A 'temporary' switch refers to all non-permanent switches to interest-only. It does not cover contract variations where there has been a permanent change to interest-only.

		Where the loan is split into more than one part, report 'Y' where there has been a temporary switch to interest-only on any part.
Date of temporary switch to interest-only	DD/MM/YYYY	Report date of most recent switch of all or part of the mortgage to interest-only (where relevant). Once reported, this same date should be reported for each reporting period during which the switch is in place (including the reporting period in which the switch terminates). Where a temporary switch to interest-only is extended, continue to report the date of the original switch. A 'temporary' switch refers to all non-permanent switches to interest-only. It does not cover contract variations where there has been a permanent change to interest-only.
Payments suspended	Y = yes N = no	Report 'Y' where a suspension of mortgage payments has been in place at any time during the reporting period, for reasons of forbearance. Do not report payment holidays allowed under the mortgage contract for non-forbearance reasons. Where the loan is split into more than one part, report 'Y' where there has been a payment suspension on any part.
Date payments suspended	DD/MM/YYYY	Date when most recent payment suspension was put in place (where relevant). Once reported, this same date should be reported for each reporting period during which the suspension is in place (including the reporting period in which the suspension terminates) Where a suspension is extended, continue to

		report the date of the original suspension. Do not report payment holidays allowed under the mortgage contract for non-forbearance reasons.
Reduced payments other than payment suspension and switches	Y = yes N = no	Report where reduced payments, other than a payment suspension and/or a temporary switch to interest-only (whether in whole or in part), have been in place at any time during the reporting period, for reasons of forbearance. Where the loan is split into more than one part, report 'Y' where there has been a reduced payment on any part.
Date of reduced payment	DD/MM/YYYY	Date when most recent reduced payments (other than a payment suspension or a temporary switch to interest-only) were put in place (where relevant). Once reported, this same date should be reported for each reporting period during which the reduction is in place (including the reporting period in which the reduction ends) Where a reduction is extended, continue to report the date of the original reduction.
Term extension	Y = yes N = no	Report 'Y' where there has been a term extension for reasons of forbearance during the reporting period. Also report 'Y' for term extensions applied to interest-only mortgages reaching maturity during the reporting period because the borrower is unable to repay the capital at the end of the original term. Do not report other term extensions made for non-forbearance reasons.

		Where the loan is split into more than one part, report 'Y' where there has been a term extension on any part.
Date of term extension	DD/MM/YYY	Date when most recent term extension was put in place for reasons of forbearance where this occurred during the reporting period.
Other forbearance	Y = yes N = no	Report 'Y' where other forbearance is in place or has been in place at any point during the reporting period. Other forbearance includes any kind of forbearance in relation to the mortgage (other than a formal arrangement, capitalisation, temporary switch to interest-only, suspended payments, reduced payments and term extension). For example, a reduced interest rate; matched payments; writing-off part of the loan; or a mortgage rescue scheme undertaken to reduce mortgage payments. Do not report methods of assisting the borrower to exit home ownership, such as assisted voluntary sale or mortgage rescue schemes where the borrower sells the whole property. Where the loan is split into more than one part, report 'Y' where there has been other forbearance on any part.
Date of other forbearance	DD/MM/YYYY	Report date when most recent other forbearance was put in place (where relevant). Once reported, this same date should be reported for each reporting period during which the forbearance continues (including the reporting period in which the

		forbearance ends). Where the forbearance is extended, continue to report the date of the original forbearance.
Date litigation action started	DD/MM/YYYY	Report start date of most recent litigation action (where relevant). This is defined as the date solicitors were instructed by the *firm* to begin litigation action. Once reported, this same date should be reported for each reporting period during which the litigation is ongoing (including the reporting period in which the litigation ends).
Is a possession order in place?	Y = yes N = no	Report 'Y' where a possession order has been in place at any time during the reporting period, whether absolute or suspended.
Date of possession or date receiver of rent appointed	DD/MM/YYYY	Report where possession has occurred or where receiver of rent appointed during the reporting period (where relevant). For possessions, once reported, this same date should be reported each reporting period. In the case of a receiver of rent being appointed, this same date should be reported for each reporting period during which the appointment continues (including the reporting period in which the appointment terminates).
Sale value achieved (for repossessions)	Numeric £	Report the sale price received for the repossessed property, where the property has been sold during the reporting period. In practice, this may be several reporting periods after the property has been taken into possession, according to how long it has taken to sell the property.

…

3 OPTIONAL REPORTING FIELDS

~~1.~~ ~~The following data items are not currently mandatory reporting fields. Firms are not obliged to report these items within the data report if the data is not readily available~~

[Editor’s Note: In the table below some of the original rows have been moved into the Compulsory table above, in some cases with amendments.]

~~**Data reporting field**~~	~~**Code (where applicable)**~~	~~**Notes**~~
~~Initial gross charging rate of interest~~	~~numeric~~	~~The amount of interest reported should be the initial gross nominal rate charged on the loan and should take into account any discount being provided. Where the advance is split, the interest rate applying to the largest part of the advance should be entered.~~
~~Date incentivised rate ends~~	~~DD/MM/YYYY~~	~~Only applies to fixed, capped or discounted rates where the customer is paying an incentivised rate for a set period.~~
~~Date early repayment charge ends~~	~~DD/MM/YYYY~~	~~If applicable, report date early repayment charge ends.~~

~~2~~1. The following data items are not required for regulatory purposes and should only be reported by mortgage lenders who currently support the RMS (Regulated Mortgage Survey) and other *home finance providers*.

Data reporting field	**Code (where applicable)**	**Notes**
~~Purchase price of property (Purchases only)~~	~~£ numeric~~	~~Purchase price as stated on application form.~~
Type of dwelling	B = bungalow D = detached house S = semi-	Use code to indicate property type. Only 1 code can apply.

	detached house T = terraced house F = flat or maisonette in converted house P = purpose built flat or maisonette O = other	
Number of habitable rooms	~~numeric~~ Numeric	Report the number of habitable rooms in the mortgaged property. Include the kitchen, but not bathroom/toilet, when determining the number of rooms.
Number of bedrooms	~~numeric~~ Numeric	Report the number of bedrooms in the mortgaged property.
Does the property have a garage	Y = ~~Yes~~ yes N = ~~No~~ no	The garage should be a permanent structure but does not have to stand on the main site of the property.
~~Is the dwelling new?~~	~~Y=Yes~~ ~~N=No~~	~~New refers to the period in which the main structure of the dwelling was completed and also means where a dwelling is being occupied for the first time. Does not therefore include new conversions of older dwellings.~~
~~Is mortgage payment protection insurance (PPI) being taken out with the mortgage?~~	~~Y = Yes~~ ~~N = No~~	~~PPI can be any of the following:~~ ~~- full accident, sickness and unemployment insurance; or~~ ~~- accident and sickness only; or~~ ~~- unemployment only.~~ ~~Report 'Yes' even where the policy was sold or provided free and irrespective of whether the premiums are collected by the lender or the insurer.~~

Is payment protection insurance (PPI) being taken out with the *home purchase plan*?	Y = ~~Yes~~ yes N = ~~No~~ no	PPI can be any of the following: - full accident, sickness and unemployment insurance; or - accident and sickness only; or - unemployment only. Report 'Yes' even where the policy was sold or provided free and irrespective of whether the premiums are collected by the lender or the insurer.

Part 2: Comes into force on 1 January 2015

16.12 Integrated Regulatory Reporting

…

Regulated Activity Group 3

…

16.12.11 R The applicable *data items* referred to in *SUP* 16.12.4R are set out according to *firm* type in the table below:

<table>
<tr><td rowspan="3">Description of data item</td><td colspan="8">Firms' prudential category and applicable data items (note 1)</td></tr>
<tr><td colspan="4">IFPRU investment firms and BIPRU firms</td><td colspan="4">Firms other than BIPRU firms or IFPRU investment firms</td></tr>
<tr><td colspan="3">IFPRU</td><td>BIPRU</td><td>IPRU (INV) Chapter 3</td><td>IPRU (INV) Chapter 5</td><td>IPRU (INV) Chapter 9</td><td>IPRU (INV) Chapter 13</td><td>UPRU</td></tr>
<tr><td>Annual report and accounts</td><td colspan="3">…</td><td>No standard format</td><td>…</td><td>…</td><td>…</td><td>…</td><td>…</td></tr>
<tr><td>…</td><td colspan="3"></td><td></td><td></td><td></td><td></td><td>…</td><td></td></tr>
<tr><td>Securitisation: trading book</td><td>COREP (note 36)</td><td>…</td><td>…</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Liquidity Questionnaire</td><td colspan="3">MLA-M (Note 37)</td><td>MLA-M (Note 37)</td><td>MLA-M (Note 37)</td><td>MLA-M (Note 37)</td><td>MLA-M (Note 37)</td><td>MLA-M (Note 37)</td><td>MLA-M (Note 37)</td></tr>
<tr><td>Note 1</td><td colspan="9">…</td></tr>
<tr><td>…</td><td colspan="9"></td></tr>
<tr><td>Note 37</td><td colspan="9">Only applicable to RAG 3 firms carrying on home financing or home finance administration</td></tr>
</table>

	connected to *regulated mortgage contracts*, unless as at 26 April 2014 its *Part 4A permission* was and continues to remain subject to a restriction preventing it from undertaking new *home financing* or *home finance administration* connected to *regulated mortgage contracts.*

…

16.12.12 R The applicable reporting frequencies for *data items* referred to in *SUP* 16.12.4R are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

Data Item	*IFPRU 730K firm*	*IFPRU 125K firm* and *collective portfolio management investment firm*	*IFPRU 50K firm*	*BIPRU firm*	*UK consolidation group or defined liquidity group*	*Firm* other than *BIPRU firms or IFPRU investment firms*
COREP/FINREP	Refer to *EU CRR*				Refer to *EU CRR*	
Annual report and accounts	…					
…						
Section F RMAR						
MLA-M	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Note 1	[deleted]					

16.12.13 R The applicable due dates for submission referred to in *SUP* 16.12.4R are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in *SUP* 16.12.12R, unless indicated otherwise.

Data item	**Daily**	**Weekly**	**Monthly**	**Quarterly**	**Half yearly**	**Annual**
COREP/FINREP	Refer to *EU CRR*					
Annual report and accounts	…					
…						
Section F RMAR					…	
MLA-M				20 *business days*		
Note 1	…					

…

The text of SUP 16.12.8R and SUP 16.12.18AR is deleted. The deleted text is not shown.

16.12.18 R [deleted]

16.12.18A R [deleted]

…

16.12.18AA R (1) *SUP* 16.12.18BR does not apply to:

(a) a *lead regulated firm;*

(b) an *OPS firm;*

(c) a local authority.

(2) A *lead regulated firm* and an *OPS firm* must submit a copy of its annual report and audited accounts within 80 *business days* from its *accounting reference date.*

Amend the following as shown.

16.12.18B R The applicable *data items*, reporting frequencies and submission deadlines referred to in *SUP* 16.12.4R are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of *data item*	*Data item* (note 1)	Frequency	Submission deadline
Annual report and accounts	No standard format	Annually	80 *business days*
Balance Sheet	Sections A.1 and A.2 MLAR	Quarterly	20 *business days*
Income Statement	Sections B.0 and B.1 MLAR	Quarterly	20 *business days*
Capital Adequacy	Section C MLAR	Quarterly	20 *business days*
Lending – Business flow and rates	Section D MLAR	Quarterly	20 *business days*
Residential Lending to individuals – New business profile	Section E MLAR	Quarterly	20 *business days*
Lending – arrears analysis	Section F MLAR	Quarterly	20 *business days*

Mortgage Administration – Business Profile	Section G MLAR	Quarterly	20 *business days*
Mortgage Administration – Arrears analysis	Section H MLAR	Quarterly	20 *business days*
Analysis of loans to customers	Section A3 MLAR	Quarterly	20 *business days*
Provisions analysis	Section B2 MLAR	Quarterly	20 *business days*
Fees and Levies	Section J MLAR	Annually	30 *business days*
Sale and rent back	Section K MLAR	Annually	30 *business days*
Credit Risk (note 2)	Section L MLAR	Quarterly	20 *business days*
Liquidity (note 3)	Section M MLAR	Quarterly	20 *business days*
Note 1	When submitting the completed *data item* required, a *firm* must use the format of the *data item* set out in *SUP* 16 Annex 19AR. Guidance notes for the completion of the *data items* are set out in *SUP* 16 Annex 19BG.		
Note 2	Only applicable to a *firm* that has one or more exposures that satisfy the conditions set out in *MIPRU* 4.2A.4R, and: - has permission to carry on any *home financing* which is connected to *regulated mortgage contracts*; or - has permission to carry on *home financing* and *home finance administration* which is connected to *regulated mortgage contracts* (and no other activity); or - has permission to carry on *home finance administration* which is connected to *regulated mortgage contracts* and has all or part of the *home finance transactions* that it administers on its balance sheet.		
Note 3	Only applicable to a *firm* that has no restriction to its *Part 4A permission* preventing it from undertaking new *home financing* or *home finance administration* connected to *regulated mortgage contracts*, and: - has permission to carry on any *home financing* or *home finance administration* connected to *regulated mortgage contracts.*		

…

16 Annex 18BG Notes for Completion of the Retail Mediation Activities Return ('RMAR')

…

Section D1: guide for completion of individual fields

Is the firm exempt from these capital requirements in relation to any of its retail mediation activities?	…
Home finance and non-investment insurance mediation (see sub paragraph (i) above)	
…	
Other FCA capital requirements (if applicable)	The FCA may from time to time impose additional requirements on individual *firms*. If this is the case for your *firm*, you should enter the relevant amount here. This excludes capital requirements in relation to PII, which are recorded below. <u>If the *firm* carries on *designated investment business* as well as *home finance mediation activity*, *insurance mediation activity* or both, requirements under both *IPRU*(*INV*) or *BIPRU* and *MIPRU* must be considered, as it is the higher requirement that must be met (see sub paragraph (i) above). So if the requirement under *IPRU(INV*) or *BIPRU* for a firm is higher than *MIPRU* then you should include the difference here.</u> <u>A *firm* that carries on the activities of *home finance providing activity* and/or *administering a home finance transaction* may be subject to a capital requirement under *MIPRU* chapter 4. This is not catered for in this section and therefore the extent to which such a requirement exceeds the requirement for the *firm's* mediation activity should be entered here.</u> ~~There may be additional capital requirements imposed on firms that carry on a number of different regulated activities. For example, firms that carry on the activities of home finance providing activity or administering a home finance transaction in addition to home finance mediation activity and/or insurance mediation activity, and are not exempted under MIPRU 4.1.4R, may have an additional requirement under MIPRU~~

	~~4.2.21R(2).~~
Additional capital requirements for PII (if applicable)	…

…

16 Annex 19AR

MORTGAGE LENDERS & ADMINISTRATORS RETURN ('MLAR')

Summary of Contents	~~Table~~ Section
…	
Sale & Rent Back (SRB Business)	K
Credit Risk	L
Liquidity Questionnaire	M

…

C	CAPITAL	c1	(£000s)
	CAPITAL RESOURCES	*Balance at quarter end*	
C1	**Eligible capital**		
C1.1	Reserves		
C1.2	Interim profits		
C1.3	Issued capital		
C1.3a	Subordinated loans		
C1.4	General Provisions		
C1.5	Other eligible capital		
C1.6	Total eligible Capital		
C2	**Deductions from capital**		
C2.1	Investments in own shares		
C2.2	Intangible assets		
C2.3	Interim net losses		
C2.3a	Subordinated loan restriction		
C2.4	Other deductions		
C2.5	Total deductions		
C3	**CAPITAL RESOURCES (~~=C1.6 - C2.5~~) CALCULATION**		
C3.1	CAPITAL RESOURCES		(=C1.6 - C2.5)
C3.2	LESS: CAPITAL REQUIREMENT		
C3.3	**SURPLUS / (DEFICIT) OF RESOURCES**		

	CAPITAL REQUIREMENTS	c1	c2	C
		Balance at quarter end	*Balance at quarter end*	
C4	**For a lender, or an administrator with administered assets on its balance sheet.**			
~~C4.1~~	Asset based measure:			
C4.2	Total assets			
C4.2a	Less: assets subject to credit risk requirement			
C4.3	Add: undrawn commitments and home reversion unreleased amounts			
C4.4	Less: Intangible assets			
C4.5	Total adjusted assets			(=C4.2 - C4.2a + C4.3 - C4.4)
C4.6	CAPITAL REQUIREMENT:			
	a) Minimum		~~100~~	reflecting minimum capital of £10C
	b) 1% of C4.5			using ~~asset based~~ flat-rate measu
	~~c) Actual requirement~~			~~being the higher of a) and b)~~
	c) Credit risk requirement			
	d) Total of b) and c)			
	e) Requirement (higher of (a) and (d))			
C5	**For an administrator not having administered assets on its balance sheet.**			
		Latest financial year ending / /	*Estimated current financial year ending / /*	
~~C5.1~~	Income based measure :			
C5.2	Total income			
C5.3	Relevant adjustments			
C5.4	Total relevant income			(=C5.2 - C5.3)
C5.5	CAPITAL REQUIREMENT:			
	a) Minimum	~~100~~	~~100~~	reflecting minimum capital of £10C
	b) 10% of C5.4			using income-based measure
	~~c) Actual requirement~~			~~being the higher of a) and b)~~
	c) Requirement (higher of (a) and (b))			

…

The following forms are new text and are not underlined

MLAR L - Credit risk

Part 1

		A	B	C	D	E	F	G
		Exposure value (Balance Sheet)	Credit risk mitigation	Other Value Adjustments	Risk weighted exposure amount	Capital requirement	Memo items Individual Impairment Balance	Memo items Collective Impairment Balance
	Loans/exposures not securitised							
1	Loans with mortgages on residential property							
2	Loans with mortgages on commercial property							
3	Other loans							
4	**Collective investment undertakings**							
	Loans/exposures securitised							
5	Securitisations (originated only)							
6	Total exposure value							
7	**Total credit risk requirement**							

Part 2

	Memo items	A Exposure value (Balance Sheet)	D Risk weighted exposure amount	E Capital requirement	F Individual Impairment Balance	G Collective Impairment Balance
8	Past due items on loans with mortgages on residential property					
9	Past due items on loans with mortgages on commercial property					
10	Past due items on other loans					
11	Buy-to-let mortgages on residential property					
12	Buy-to-let mortgages on commercial property					
13	Second charge mortgages on residential property					
14	Second charge mortgages on commercial property					

Part 3

15 **Securitisations - Transaction level information where the firm is an originator**

	A	B	C	D	E	F	G	H	J	K	L
	Programme Name	Originator's Interest (i.e. amount retained)			Investors' Interest (i.e. amount purchased by investors)			Capital requirement before securitisation	Capital requirement after securitisation		
		Senior	Mezzanine	Equity	Senior	Mezzanine	Equity		Based on risk weights	Significant risk transfer add-on	Total
1											
...											
n											

16 Total capital requirement after securitisation

MLAR M

Liquidity Questionnaire

		A	B if no or not applicable, please explain (max 400 chars)
Part 1 - Adequacy of liquidity resources			
1	Do you maintain, at all times, liquidity resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that you cannot meet your liabilities as they fall due? (If you answer no above, leave the remaining data elements blank)		
2	State the value of liquid resources that you hold as of the reporting date		
Part 2 - Systems and controls			
3	Do you have in place robust strategies, policies, processes and systems that enable you to identify, measure, manage and monitor liquidity risk over the appropriate set of time horizons for your business activities, to ensure you maintain adequate levels of liquidity resources?		
Part 3 - Stress testing			
4	Do you consider institution specific and market wide stresses and their impact upon your assets?		
5	Does stress testing extend to interest rate and/or foreign currency exposures that could have an impact on your liquidity/solvency?		
6	Does your firm undertake stress testing regularly on your liquidity risk model?		
7	Is your approach to stress testing documented?		
Part 4 - Contingency funding plans			
8	Do you have an appropriate contingency funding plan in place that is regularly tested and updated?		
9	Is your contingency funding plan documented?		
Part 5 - Senior management oversight			
10	Does the firm have reliable management information systems to provide the governing body/senior management with timely and forward-looking information on the liquidity position of the firm?		
11	Does the governing body/senior management review, at least annually, the adequacy of the strategies, policies, processes and systems to identify, measure, manage and monitor liquidity risk?		
12	Does the governing body/senior management approve stress tests and contingency funding plans?		

…

16 Annex 19BG Notes for Completion of the Mortgage Lending and Administration Return (MLAR)

…

INTRODUCTION: GENERAL NOTES ON THE RETURN

…

2. Overview of reporting requirements

…

Because the *MLAR* is activity based, ~~it sets out the reporting requirements for a number of different *firm* types. We expect *firms* to complete the requirements as follows~~ not all sections are applicable to all types of *home finance activity firm*. The applicability of each section is explained in the table below:

- ~~A *firm* carrying on both *home finance providing activity* and *administering a home finance transaction* will need to complete the whole of the *MLAR*;~~
- ~~A firm carrying on *home finance providing activity* but not also *administering a home finance transaction* will need to complete the whole of the *MLAR* except sections G and H;~~
- ~~A *firm* carrying on *administering a home finance transaction*, but not also *home finance providing activity*, will need to complete sections A, B, C, G, H and J of the *MLAR*.~~
- ~~*SRB agreement providers* and *SRB administrators* should complete sections A, B, C, J and K of the *MLAR*. (See section 4b for more information for *sale and rent back firms*.)~~

~~However, the above requirements are subject to the further details below, which are designed to avoid any duplication between *MLAR* reporting requirements and any other reporting requirements arising from the *firm's* other *regulated activities* (eg as a *bank*, *building society*, *securities and futures firm* etc). The rules in *SUP* 16 (section 16.12) provide full details of which sections of the *MLAR* do not apply for each *firm* type.~~

~~**Firm**~~	~~**Sections of the *MLAR* not required**~~
~~*Home finance provider/administrator* with no other activities (a)~~	~~No duplication, so complete all sections described above this table~~
~~*Home finance provider/administrator* that is also subject to the *RMAR* (a)~~	~~Duplication in RMAR, but complete all *MLAR* sections described above this table~~
~~*Securities & futures firm* or *investment management firm*~~	~~A1, A2 and B1~~
~~*Incoming EEA firm* (b)~~	~~A1, A2, B1 and C~~
~~*UK branch* of a *non-EEA bank*~~	~~No duplication, so complete all sections described above this table~~
~~*Members' adviser*~~	~~No duplication, so complete all sections described above this table~~
~~*Authorised professional firm*~~	~~No duplication, so complete all sections described above this table~~
~~Other *firm* types/*regulated activities* (except above)~~	~~A1, A2, B1 and C~~

~~**Key**: **A1**: Assets **A2**: Liabilities **B1**: Profit & Loss **C**: Capital~~
~~**Note (a):** a *firm* which is a solo-consolidated *subsidiary* of an authorised credit institution is not required to complete section C of the *MLAR*.~~

<u>**Section**</u>	<u>**Applicability**</u>:
<u>A1 and A2: Balance sheet</u>	<u>Applies to all *home finance activity firms* except:</u> - <u>A *firm* that is required to submit a balance sheet by a lower numbered *regulated activity group*, as described in SUP 16.12.3R(1)(a)(iii)</u> - <u>An *incoming EEA firm* (note a)</u>
<u>A3: Analysis of loans to customers</u>	<u>Applies to all *home finance activity firms*</u>
<u>B1: Income statement</u>	<u>Applies to all *home finance activity firms* except:</u> - <u>A *firm* that is required to submit an income statement by a lower numbered *regulated activity group*, as described in SUP 16.12.3R(1)(a)(iii)</u> - <u>An *incoming EEA firm* (note a)</u>
<u>B2: Provisions analysis</u>	<u>Applies to all *home finance activity firms*</u>

C: Capital	Applies to all *home finance activity firms* except: - A *firm* that is required to submit a capital adequacy *data item* by a lower numbered *regulated activity group*, as described in SUP 16.12.3R(1)(a)(iii) - An *incoming EEA firm* (note a) - A *firm* which is a solo-consolidated *subsidiary* of an *authorised credit institution*
D: Lending: business flows and rates	Applies to all *firms* with *permission* to undertake a *home finance providing activity* except: - *SRB agreement providers* - *SRB administrators*
E: Residential lending to individuals: new business profile	Applies to all *firms* with *permission* to undertake a *home finance providing activity* except: - *SRB agreement providers* - *SRB administrators*
F: Lending: Arrears Analysis	Applies to all *firms* with *permission* to undertake a *home finance providing activity* except: - *SRB agreement providers* - *SRB administrators*
G: Mortgage Administration: Business Profile	Applies to all *firms* with *permission* to undertake *administering a home finance transaction*, except: - *SRB administrators*
H: Mortgage Administration: Arrears analysis	Applies to all *firms* with *permission* to undertake *administering a home finance transaction*, except: - *SRB administrators*
J: Fee tariff measures	Applies to all *home finance activity firms*
K: Sale and rent back business	Applies to *SRB agreement providers* and *SRB administrators*
L: Credit risk	Applies to a *firm* that meets the conditions of SUP 16.12.18BR (note 2).
M: Liquidity	Applies to a *firm* that meets the conditions of SUP 16.12.18BR

	(note 3).

Note ~~(b)~~ (a): *Credit Institutions* passporting under *BCD* for *mortgage lending* (which also includes *mortgage administration*), or other *firms* passporting under another EU Directive for a non-mortgage activity and holding a *top-up permission* from the *appropriate regulator* for *mortgage lending* and/or *mortgage administration*. Also includes *firms* classed as "*Treaty firms*" under Schedule 4 of the *Act*. But any other *EEA firm* type should complete in full all sections of the *MLAR* described above this table, as it would not be eligible for any reduction in reporting requirements.

~~**Commencement and transitional provision**~~

~~The *MLAR* sections on **Arrears** (tables F and H) are not required to be submitted as part of a *firm's* first *MLAR* submission if that first submission is in respect of the *firm's* first financial quarter starting on or after 1 April 2005; but this concession does not apply however to firms that are subject to delayed implementation of MLAR in 2006. They should however be included in all subsequent quarterly submissions. A *firm* may of course submit these sections from the outset, but is not obliged to do so.~~

~~The position regarding **building society reporting** merits specific comment. Societies have previously reported a range of information on *mortgage lending* that has much in common with certain sections of the *MLAR*. Now mortgage reporting requirements have been finalised, societies' existing reporting will change from the implementation of the *MLAR* to avoid duplication. When societies begin to submit the *MLAR*, they will no longer be required to submit the following sections of the QFS1:~~

- ~~QFS1 table G (1): All sections~~
- ~~QFS1 table G (2): All sections~~
- ~~QFS1 table J: Sections J2 and J3 only (Note (a))~~
- ~~QFS1 table K (1): Sections K1 and K2 only~~
- ~~QFS1 table K (2): Sections K4 and K5 only (Note (a))~~

~~**Note (a)**: These sections should however continue to be completed in respect of *subsidiaries* that hold mortgages but which are not required to complete the *MLAR* (ie they are not authorised to undertake a *mortgage lending* activity).~~

~~**NB:** A society may however continue to submit these sections of the QFS1, if it so wishes (in addition to the *MLAR*). This option is intended to cater for those circumstances where a society has automated the production of its QFS1 and wishes to avoid additional work involved in cutting back on reporting as specified above.~~

3. Purpose of reporting requirements

…

The reporting requirements set out in the *MLAR* will enable the *appropriate regulator* to realise these information needs. In particular:

Tables A to C, L, M: provide the framework for the *appropriate regulator's* financial monitoring and prudential supervision of *home finance providers* and *administrators*;

…

4b. Sale and rent back business

…

SRB firms should **not** complete sections D to H, L or M in respect of the SRB business.

…

SECTION C: CAPITAL

INTRODUCTION

The *threshold conditions* state that the resources of a *firm* must be adequate in the opinion of the *appropriate regulator* in relation to the *regulated activities* that the *firm* seeks to carry on or carries on. In addition, a *firm* is required to maintain 'adequate financial resources'. A ~~*mortgage*~~ *home finance* *lender/administrator* should have adequate capital and funding to meet these requirements.

In addition, the *FCA* and the *PRA* are required to identify the main risks to ~~our~~ their statutory objectives. In assessing *firm*-specific risks we are required to assess the risks arising from the financial failure of a *firm* (due to business risks from the external environment, or control risks arising from the *firm* itself) which might affect both the market and individual *customers*. The specific *FCA* objectives that are potentially impacted are those relating to market confidence and consumer protection.

Details provided in this Section on Capital are drawn from the appropriate provisions of *MIPRU* ~~3~~ 4 (~~Professional indemnity insurance~~ Capital Resources).

C1-2 CAPITAL RESOURCES

C1 and C2 set out ~~first~~ the individual components of **eligible capital** and ~~secondly~~ the **separate deductions** that should be made to arrive at ~~qualifying~~ capital resources**.**

Components of eligible capital are:

(1) Share capital

Share capital must be fully paid (i.e. the *firm* is under no obligation to repay this capital unless and until the *firm* is wound up) and may include ordinary *share* capital or preference *share* capital (excluding preference *shares* redeemable by shareholders within two years).

See paragraph (7) Subordinated loans below for details of the limits that may apply to the inclusion of redeemable preference shares in capital resources.

…

(3) Reserves

Reserves are accumulated profits retained by the *firm* (after deduction of tax, dividends and proprietors' or *partners'* drawings) and other reserves created by appropriations of *share* premiums and similar realised appropriations. Reserves also include gifts of capital, for example, from a parent company. For *partnerships*, reserves include *partners'* current accounts according to the most recent financial statement. Reserves must be audited unless the *firm* is eligible to include unaudited reserves in its capital resources calculation under ~~*PRU* 9.3.52R~~ *MIPRU* 4.4.2R.

…

(4) Interim net profits and partners' interim current accounts

A *firm* is not required to take into account interim net profits. However, if it does, the profits have to be verified by the *firm's* external auditors, net of tax, anticipated dividends or proprietors' drawings and other appropriations unless the *firm* is eligible to include unverified interim net profits in its capital resources calculation under ~~*PRU* 9.3.52R~~ *MIPRU* 4.4.2R.

…

(6) General /collective provisions

Firms should report general/collective provisions that are held against potential losses that have not yet been identified, but which experience indicates are present in the *firm*'s portfolio of assets. Such provisions must be freely available to meet these unidentified losses wherever they arise. General/collective provisions must be verified by external auditors and disclosed in the *firm*'s annual report and accounts unless the *firm* is eligible to include unaudited general and collective provisions in its capital resources calculation under ~~*PRU* 9.3.52R~~ *MIPRU* 4.4.2R.

…

(9) the debt must be unsecured and fully paid up.

For a *mortgage lender* or *mortgage administrator* undertaking business connected to *regulated mortgage contracts* (unless its *Part 4A permission* prevents it from undertaking new business), *MIPRU* 4.4.8R limits the amount of subordinated loans and redeemable preference *shares* that can be included in eligible capital.

In Table C of the *MLAR* the *firm* will deduct from capital resources under item C2.3a any amount by which the subordinated loans and redeemable preference *shares* exceed the limit in *MIPRU* 4.4.8R.

Treatment of eligible capital items (listed above) in section C1:

…

C1.3 Issued capital: include items

- *share* capital
- *partnership* or *sole trader* capital
- ~~subordinated loans~~

C1.3a Subordinated loans

…

C2 Deductions from capital

…

C2.2 Intangible assets are the full balance sheet value of goodwill, capitalised development costs, brand names, trademarks and similar rights and licences. ~~However, the balance sheet value for goodwill does not have to be deducted here until 14 January 2008. See MIPRU 4.4.4R~~

…

C2.3a Subordinated loan and redeemable preference share restriction

This is the amount of any excess as computed under the restriction explained in paragraph (7) of the C1-2 CAPITAL RESOURCES section above.

…

~~**C3 Total Capital Resources**~~

~~This is total eligible capital less total deductions (C1.6 – C2.5).~~

C3 CAPITAL RESOURCES CALCULATION

C3.1 CAPITAL RESOURCES

This is total eligible capital less total deductions (C1.6 – C2.5).

C3.2 Capital requirement

This is the amount calculated in section in C4.6(e).

C3.3 SURPLUS / (DEFICIT) OF RESOURCES

This is the capital resources less the capital requirement (C3.1 – C3.2).

C4 CAPITAL REQUIREMENTS

C4 Capital requirement for a lender, or an administrator with administered assets on its balance sheet

The capital requirement for ~~mortgage~~ lenders; or ~~mortgage~~ administrators that have the *regulated mortgage contracts* that they administer on their balance sheet is asset-based, and the information required is detailed in C4.2 to ~~C4.4~~ C4.6.

C4.2 Total assets: this is the total value of ~~fixed and current~~ assets as shown at line A1.12 in section A of the *MLAR*.

C4.2a Assets subject to the credit risk requirement

This is the amount of assets subject to the credit risk requirement computation as shown at line 6A in section L of the *MLAR*.

This is relevant for a *mortgage lender*; or *mortgage administrator* with its administered assets on balance sheet, that undertakes business connected to *regulated mortgage contracts* that has one or more exposures which satisfy the conditions set out in *MIPRU* 4.2A.4R.

C4.3 Undrawn commitments and home reversion unreleased amounts

Undrawn commitments means the total of those amounts which a borrower has the right to draw down from the *firm* but which have not yet been drawn down (see *MIPRU* 4.2.12R and *MIPRU* 4.2.13G).

…

C4.5 Total adjusted assets: this is the sum of C4.2 and C4.3, less C4.2a and C4.4

C4.6 CAPITAL REQUIREMENT

This section sets out how to calculate the capital requirement for a lender, or an administrator with administered assets on its balance sheet (See *MIPRU* 4.2.12R, *MIPRU* 4.2.18R and *MIPRU* 4.2.23R):

a) is the minimum requirement of £100,000;

b) is 1 % of the amount shown as total adjusted assets at C4.5, ie the assets that are not subject to the credit risk requirement calculation;

c) is the credit risk requirement as shown at line 9E in section L of the *MLAR*;

d) is the total of b) and c); and

e) is the capital requirement which is the higher of the fixed amount at a) and the sum shown at d).

C5 Capital requirements for an administrator not having administered assets on its balance sheet

C5.1 This section sets out the income-based capital requirements applicable to ~~*mortgage*~~ *administrator*s that ~~have been appointed by *persons* that are not authorised to administer *regulated mortgage contracts* on their behalf, and which therefore~~ do not have the assets that they administer on their balance sheet. The information requirements are detailed in C5.2 – ~~5.4~~ 5.5.

Firms should report the following amounts from both their most recent annual financial statement and their estimated accounts for the current reporting year.

C5.2 Total income

~~*Firms* should report the following amounts in their most recent (or other) financial statements, and an estimate of income for the current reporting year.~~

Total income should include both revenue and gains arising in the course of the ordinary activities of a *firm*. Revenue consists of commissions, fees, net interest income, dividends, royalties and rent. Only gains that are recorded in the profit and loss account should be included in income. What is relevant for the calculation of income is the amount of actual income generated rather than the gross cash streams of any one transaction (see *MIPRU* 4.3.7R).

…

C5.5 CAPITAL REQUIREMENT

This sets out how to calculate the capital requirement for a *administrator* not having administered assets on its balance sheet (see *MIPRU* 4.2.19R):

a) is the minimum requirement of £100,000;

b) is 10 % of the amount shown as total relevant income at C5.4 above; and

c) is the capital requirement which is the higher of the minimum amount at a) and the calculation shown at b).

…

All of the following text is new and is not underlined

SECTION L: CREDIT RISK

INTRODUCTION

The purpose of this *data item* is so that a *firm* can provide an analysis of its credit risk capital requirement as calculated under *MIPRU* 4.2A, 4.2B and 4.2C.

This *data item* is only relevant to *firms* that meet the criteria set out in note 2 of *SUP* 16.12.18BR. If that is the case then all relevant exposures must be included in the credit risk capital requirement calculation. See *MIPRU* 4.2A.4R.

Please note that this *data item* is intended to be a summary of the credit risk capital calculation as calculated under *MIPRU* 4.2A, 4.2B and 4.2C and is not a detailed work schedule.

Data elements: These are referred to by row first then by column, so data element 2B will be the row numbered 2 in column B.

Section L is structured in three parts. The first part (rows 1-7) focuses on the breakdown of the credit risk capital requirement by types of exposure. The second part (rows 8-14) is a memo section that requests further detail on specific elements that will already be incorporated within the first part. The third part (rows 15 and 16) requests transaction level information on a *firm's* securitisations.

Part 1 – Rows 1 to 7
This part of the *data item* focuses on providing a breakdown of a *firm's* credit risk capital requirement under the two categories of 'loans/exposures that are not securitised' and 'loans/exposures securitised'. The category 'loans/exposures not securitised' is further broken down into four loan/exposure types. A *firm* should report its credit risk capital requirement across the five loan/exposure types under the two categories of 'loans/exposures that are not securitised' and 'loans/exposures securitised' in rows 1 to 5.

Please note: This part cannot be used as a worksheet to calculate the credit risk capital requirement for each loan/exposure type, because some loan/exposure types may contain more than one risk weighting within the row.

Row 1 – Loans with mortgages on residential property
A *firm* should include all loans entered into with mortgages on residential property that have not been securitised in this row. This includes loans that are past due, buy-to-let loans on residential property, second charge and subsequent mortgages on residential property, and mortgages on residential property irrespective of the loan to value.

Row 2 – Loans with mortgages on commercial property
A *firm* should include all loans with mortgages on commercial property that have not been securitised in this row. This includes loans that are past due, buy-to-let loans on commercial property, and second charge and subsequent mortgages on commercial property.

Row 3 – Other Loans
A *firm* should include in this row all loans that are not included in rows 1, 2, 4 and 5.

Row 4 – Collective Investment Undertakings
A *firm* should include all positions in collective investment undertakings in this row.

Row 5 – Securitisation (originated only)
A *firm* should include all positions in assets that have been included in securitisations originated by the *firm* in this row. Rows 15 and 16 request further detail on these exposures. See *MIPRU* 4.2B for more information on calculating the credit risk capital requirement for securitisations.

Column A
A *firm* should report the exposure value of assets for each of the five loan/asset types. This should be the balance sheet value (i.e. net of any provisions). See *MIPRU* 4.2A.6R.

Column B
A *firm* should report here the amount of credit risk mitigation for each of the five loan/asset types. See *MIPRU* 4.2C.

Column C
A *firm* should report here any other credit valuation adjustments for each of the five loan/asset types.

Column D
For each of the five loan/asset types, a *firm* should report the total *risk weighted exposure amount*. A firm should have regard to *MIPRU* 4.2A.7R to *MIPRU* 4.2A.18G when calculating *risk weighted exposure amounts*.

Column E
This contains the credit risk capital requirement for each of the five loan/asset types, which is 8 per cent of the relevant *risk weighted exposure amount* in Column D.

Columns F and G
These are memorandum item columns. For each of the five loan/exposure types, a *firm* should report the total value of individual (specific) and collective (general) impairment balances/provisions that were made BEFORE arriving at the balance sheet exposure value of loans/exposures reported in Column A.

5A Total exposure value of securitisations
This is the total exposure value of assets that have been securitised and originated by the *firm*. This should equal the sum of the value of assets reported in columns B, C and D of the table in element 15.

6A Total Exposure Value
This is the total balance sheet value of assets that have been included in the credit risk capital requirement calculation, being the sum of data elements 1A to 5A. This should also be the value of assets reported in *data element* C4.2a in *MLAR* Section C.

7E Total credit risk capital requirement
This is the total credit risk capital requirement, being the sum of *data elements* 1E to 5E. This should also be the credit risk capital requirement reported in *data element* C4.6(c) in MLAR Section C.

Part 2 – Rows 8 to 14
This part of the *data item* contains memorandum items on specific elements that have already been recorded in Rows 1 to 7. The aim of this part of the *data item* is to obtain targeted prudential information on certain loan types. As a result, a *firm* should not omit data from Part 2, because a *firm* has already included that data in Part 1. Equally, a *firm* should not omit data from Part 1, because the data will be included in Part 2. For example, if a *firm* has a past due loan on a mortgage on a residential property, that data should be included in the credit risk capital requirement calculation in row 1 **and** in row 8. Another example is a second charge mortgage on a residential property, where the data will be included in the row 1 **and** in row 13.

Column A
A *firm* should report the exposure value of assets for each specific loan type. This should be the balance sheet value (i.e. net of any provisions). See *MIPRU* 4.2A.6R.

Column D
For each specific loan type, a *firm* should report the total *risk weighted exposure amount*. A firm should have regard to *MIPRU* 4.2A.7R to *MIPRU* 4.2A.18G when calculating *risk weighted exposure amounts*.

Column E
This contains the credit risk capital requirement for each specific loan type, which is 8% of the relevant *risk weighted exposure amount* in Column D.

Columns F and G
For each specific loan type, a *firm* should report the total value of individual (specific) and collective (general) impairment balances/provisions that were made BEFORE arriving at the balance sheet exposure value reported in Column A.

Row 8 – Past due item on loans with mortgages on residential property
A *firm* should report in this row all past due loans with mortgages on residential property. See *MIPRU* 4.2A.17R.

Row 9 – Past due item on loans with mortgages on commercial property
A *firm* should report in this row all past due loans with mortgages on commercial property. See *MIPRU* 4.2A.17R.

Row 10 – Past due items on other loans
A *firm* should report in this row all past due loans on other loans. See *MIPRU* 4.2A.17R.

Row 11 – Buy-to-let mortgages on residential property
A *firm* should report in this row all buy-to-let mortgages on residential property.

Row 12 – Buy-to-let mortgages on commercial property
A *firm* should report in this row all buy-to-let mortgages on commercial property.

Row 13 – Second charge mortgages on residential property
A *firm* should report in this row all second charge and subsequent mortgages on residential property.

Row 14 – Second charge mortgages on commercial property
A *firm* should report in this row all second charge and subsequent mortgages on commercial property.

Part 3 – Rows 15 and 16
This part of MLAR Section L provides transaction-level information on the securitisations that a *firm* has originated. A *firm* will report each securitisation programme in a different row and complete columns A to L for each securitisation programme.

Column A
A *firm* should report the name of the securitisation programme.

Columns B, C and D

A *firm* should record the value of the securitisation that has been retained by the *firm* under each of the headings: Senior, Mezzanine and Equity.

For the purposes of completing columns B, C and D of Part 3 of MLAR section L, Senior is the value of securitisation *tranches* that have *credit quality step* 1 (see the appropriate standardised approach table at http://www.fca.org.uk/your-fca/documents/fsa-ecais-securitisation), Equity is the value of securitisation *tranches* that have *credit quality step* 4, 5 or 'all other credit assessments' and Mezzanine is the value of securitisation *tranches* that are not Senior or Equity tranches. Purely for the purposes of completing columns B, C and D of Part 3, all unrated securitisation tranches should be classified as equity tranches.

Columns E, F and G
A *firm* should record the value of the securitisation that has been purchased by investors (and therefore no longer being held by the *firm*) under each of the headings: Senior, Mezzanine and Equity.

For the purposes of completing columns E, F and G of Part 3 of MLAR section L, Senior is the value of securitisation *tranches* that have *credit quality step* 1 (see the appropriate standardised approach table at http://www.fca.org.uk/your-fca/documents/fsa-ecais-securitisation), Equity is the value of securitisation *tranches* that have *credit quality step* 4, 5 or 'all other credit assessments' and Mezzanine is the value of securitisation *tranches* that are not Senior or Equity tranches. Purely for the purposes of completing columns E, F and G all unrated securitisation tranches should be classified as equity tranches.

Column H
This is the total credit risk capital requirement for the assets that are included in the securitisation programme but before the effect of the securitisation. The value reported in this column should be based on all assets included in the securitisation programme even though a firm will subsequently retain only a portion of the securitisation.

Column J
This is the total credit risk capital requirement for the securitisation programme that has been retained by a *firm* based on the credit risk weights in *MIPRU* 4.2B.

Column K
This is the total significant risk transfer add-on that should be added to the capital requirement for the securitisation programme.

Column L
This is the total credit risk capital requirement for the securitisation programme. This should be the sum of columns J and K for each securitisation programme.

16L Total capital requirement after securitisation
This is the total capital requirement for securitisation positions originated by a *firm*. This should equal the value reported in 5E.

SECTION M: LIQUIDITY

INTRODUCTION

The purpose of this *data item* is for a *firm* to confirm that it complies with the liquidity resources requirements in *MIPRU* 4.2D.

This *data item* is only relevant to a *firm* that does not have a restriction on its *Part 4A permission* that prevents it from undertaking new *home financing* or *home finance administration* (with mortgage assets on balance sheet) connected to *regulated mortgage contracts*.

In relation to the questions in *MLAR* Section M Liquidity Questionnaire (with the exception of question 2), a *firm* should, as appropriate, answer "yes", "no", or "not applicable" For those questions where the answer is "no" or "not applicable" a *firm* must explain why in column B.

Part 1 – Adequacy of liquidity resources

Question 1 – In answering this question a *firm* should have regard to *MIPRU* 4.2D.2R and *MIPRU* 4.2D.3G. If a *firm* answers "no" or "not applicable", it should explain why in column B and the *firm* does not need to complete the rest of *MLAR* Section M.

Question 2 – In deciding on the amount of liquidity resources that a *firm* holds or is able to generate a *firm* should have regard to *MIPRU* 4.2D.3G. The figure should be entered in 000's.

Part 2 – Systems and controls

Question 3 – In answering this question a *firm* should have regard to *MIPRU* 4.2D.4R and *MIPRU* 4.2.D.5R.

Please note that Part 5 of *MLAR* Section M covers senior management oversight separately.

Part 3 – Stress testing

Question 4 – In answering this question a *firm* should have regard to *MIPRU* 4.2D.8R, *MIPRU* 4.2D.10R and *MIPRU* 4.2D.11G.

Question 5 – In answering this question a *firm* should have regard to *MIPRU* 4.2D.8R, *MIPRU* 4.2D.9R(1) and (2), *MIPRU* 4.2D.10R and *MIPRU* 4.2D.11G.

Question 6 – In answering this question a *firm* should have regard to *MIPRU* 4.2D.9R(1) and (2).

Question 7 - In answering this question a *firm* should have regard to *MIPRU* 4.2D.9R(3).

Part 4 – Contingency funding plans

Question 8 - In answering this question a *firm* should have regard to *MIPRU* 4.2D.13R.

Question 9 - In answering this question a *firm* should have regard to *MIPRU* 4.2D.13R(2)(a).

Part 5 – Senior management oversight

Question 10 - In answering this question a *firm* should have regard to *MIPRU* 4.2D.6R.

Question 11 – In answering this question a *firm* should have regard to *MIPRU* 4.2D.7R.

Question 12 – In answering this question a *firm* should have regard to *MIPRU* 4.2D.10R, *MIPRU* 4.2D.13R and *MIPRU* 4.2D.14R.

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