

HANDBOOK ADMINISTRATION INSTRUMENT (NO 2) 2013**Powers exercised by the Board of the Prudential Regulation Authority (PRA)**

- A. The Prudential Regulation Authority makes this instrument in the exercise of the following powers and related provisions in Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules); and
 - (2) section 137T (General supplementary powers).
- B. The rule-making power referred to above is specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 4 October 2013 except for Part II of Annex A which shall come into force on 22 July 2014.

Amendments

- D. The rules in the modules of the PRA’s Handbook listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).
- E. The Prudential Regulation Authority gives as guidance each provision in the Annexes listed in column (2) that is marked with a G.

(1)	(2)
Glossary of definitions	Annex A
Statements of Principle and Code of Practice for Approved Persons (APER)	Annex B
General Provisions sourcebook (GEN)	Annex C
Fees manual (FEES)	Annex D
Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)	Annex E
Prudential sourcebook for Insurers (INSPRU)	Annex F
Prudential sourcebook for Friendly Societies (IPRU(FSOC))	Annex G
Interim Prudential sourcebook for Insurers (IPRU (INS))	Annex H
Supervision manual (SUP)	Annex I
Compensation sourcebook (COMP)	Annex J
Building Societies Regulatory Guide (BSOG)	Annex K

Citation

- E. This instrument may be cited as the Handbook Administration Instrument (No 2) 2013.

By order of the Board of the PRA
3 October 2013

Annex A

Amendments to the Glossary of definitions

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

- | | |
|---|--|
| <i>acting as trustee or depositary of an AIF</i> | <p>the <i>regulated activity</i>, specified in article 51ZD of the <i>Regulated Activities Order</i>, <u>which is, in summary,</u> of acting as:</p> <ul style="list-style-type: none"> (a) a depositary of an <i>AIF</i> falling within article 51ZD(2) of the <i>Regulated Activities Order</i>; (b) the <i>trustee</i> of an <i>authorised unit trust</i> which is an <i>AIF</i> that does not fall within article 51ZD(2) of the <i>Regulated Activities Order</i>; (c) the depositary of an <i>open-ended investment company</i> or <i>authorised contractual scheme</i> which is an <i>AIF</i> that does not fall within article 51ZD(2) of the <i>Regulated Activities Order</i>. |
| <i>acting as trustee or depositary of a UCITS</i> | <p>the <i>regulated activity</i>, specified in article 51ZB of the <i>Regulated Activities Order</i>, <u>which is, in summary,</u> of acting as:</p> <ul style="list-style-type: none"> (a) a trustee of an <i>authorised unit trust scheme</i>, (b) a depositary of an <i>open-ended investment company</i> or (c) an <i>authorised contractual scheme</i> <p>where that company or scheme is a <i>UCITS</i>.</p> |
| <i>affected person</i> | <p>(in COLL):</p> <ul style="list-style-type: none"> (a) (in relation to an ICVC): <ul style="list-style-type: none"> (i) the ICVC; (ii) its depositary; (iii) a director of the ICVC; (iv) any investment adviser of the ICVC; (v) any associate of any person in (a)(i), (ii), (iii) or (iv); (vi) the auditor of the scheme; (b) (in relation to an AUT): <ul style="list-style-type: none"> (i) the manager; |

- (ii) ~~the trustee;~~
- (iii) ~~any investment adviser of the manager;~~
- (iv) ~~any associate of any person in (b)(i), (ii) or (iii);~~
- (v) ~~the auditor of the scheme;~~
- (e) (in relation to an ACS):
 - (i) ~~the authorised fund manager;~~
 - (ii) ~~the depositary;~~
 - (iii) ~~any investment adviser of the authorised fund manager;~~
 - (iv) ~~any associate of any person in (e)(i), (ii) or (iii);~~
 - (v) ~~the auditor of the scheme;~~
 - (iv) ~~the nominated partner.~~

...

AIFM investment firm a firm which:

- (a) is:
 - (i) a full-scope UK AIFM; or
 - (ii) a small authorised UK AIFM of an authorised AIF; or
 - (iii) an incoming EEA AIFM branch; and
- (b) has a Part 4A permission (or an equivalent permission from its Home State regulator) for managing investments where:
 - (i) the investments managed include one or more financial instruments; and
 - (ii) the permission is limited to the activities permitted by article 6(2) and (4) of AIFMD.

...

AIFMD

Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:174:0001:0073:EN:PDF>).

...

alternative investment fund (~~under~~ in accordance with article 4(1)(a) of *AIFMD*) a collective investment undertaking, including investment compartments, which:

- (a) raises capital from a number of investors, with a view to investing it under a defined investment policy for the benefit of those investors; and
- (b) does not require authorisation pursuant to article 5 of the *UCITS Directive*.

alternative investment fund manager (1) (in GENPRU 3.1) a manager of alternative investment funds within the meaning of Article 4(1)(b), (l) and (ab) of Directive 2011/61/EU or an *undertaking* which is outside the *EEA* and which would require authorisation in accordance with Directive 2011/61/EU if it had its registered office within the *EEA*.

- (2) (except in GENPRU 3.1 and in accordance with article 4(1)(b) of AIFMD) a legal person whose regular business is performing AIFM investment management functions for one or more AIF.

...

asset backed security (as defined in the *PD Regulation*) ~~securities~~ securities which: ...

...

applicable asset (a) ~~in relation to MiFID business, a financial instrument; or~~

(b) ~~in relation to safeguarding and administering investments that is not MiFID business, acting as trustee or depositary of a UCITS, and/or acting as trustee or depositary of an AIF, a designated investment.~~

...

Cancellation (~~in COLL~~) (~~in relation to units~~) a cancellation of a *unit* by:

- (a) ~~an ICVC; or~~
- (b) ~~the trustee of an AUT; or~~
- (c) ~~the depositary of an ACS.~~

...

client (1) (except in *PROF* and except in relation to a *home finance transaction*) has the meaning...

(b) “client” includes:

...

(iii) a *collective investment scheme fund* even if it does not have separate legal personality.

...

counterparty risk

(in *COLL* and *FUND*) the risk of loss for a *UCITS* or an *AIF* resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flows.

...

EEA AIFM

an *AIFM* which has its registered office in an *EEA State* other than the *United Kingdom*.

(a) for *AIFMs*, ‘having its registered office in’;

(b) for *AIFs*, ‘being authorised or registered in’ or, if the *AIF* is not authorised or registered, ‘having its registered office in’;
or

(c) for *depositories*, ‘having its registered office or branch in’.

...

feeder fund

an *AUT* or *ACS* that is a *relevant pension scheme* and *dedicated to units* in a single *regulated collective investment scheme*.

...

financial adviser

(a) an individual appointed by an independent intermediary or by its *appointed representative* or where applicable, *tied agent*, to provide any or all of the following services:

(i) giving advice on *investments to clients*;

(ii) *arranging (bringing about) deals in investments* or *executing* transactions involving, in each case, *designated investments* with or for *clients*;

(iii) *managing investments*;

(iv) receiving or holding *client money* or other *client assets*;

(v) *safeguarding and administering investments*.

	(b)	For the purposes of this definition, an independent intermediary is a <i>firm</i> acting as an intermediary but excluding:
	(i)	a <i>firm</i> which is a member of a <i>marketing group</i> ;
	(ii)	a <i>product provider</i> which sells its own packaged products.
...		
<i>group ISA</i>		an <i>individual savings account</i> of which the <i>plan manager</i> is the <i>authorised fund manager</i> , or in the same <i>group</i> as the <i>authorised fund manager</i> , of the <i>authorised fund</i> by reference to <i>units</i> in which the <i>plan register</i> is being, or is proposed to be, maintained.
...		
<i>group plan</i>		a <i>group ISA</i> or a <i>group savings plan</i> .
...		
<i>group savings plan</i>		a savings plan:
	(a)	of which the <i>plan manager</i> is the <i>authorised fund manager</i> , or in the same <i>group</i> as the <i>authorised fund manager</i> , of the <i>authorised fund</i> by reference to <i>units</i> in which the <i>plan register</i> is being, or is proposed to be, maintained;
	(b)	under which <i>investments</i> are periodically acquired and held by a nominee for the absolute benefit of the respective subscribers to the savings plan; and
	(c)	under which all the <i>investments</i> are <i>units</i> in one or more <i>authorised funds</i> managed by (or, in the case of an <i>ICVC</i> , whose <i>ACD</i> is) the <i>plan manager</i> , or a <i>body corporate</i> in the same <i>group</i> as the <i>plan manager</i> .
...		
<i>in the money</i>	(1)	(in <i>LR</i>) (in relation to securitised derivatives <u>securitised derivatives</u>): ...
...		
...		
<i>instrument constituting the scheme-fund</i>		...
	(b)	<u>(for an AIF other than an ICVC, an AUT or an ACS) the fund rules, instrument of incorporation or other constituting</u>

documents of such an AIF;

- (ba) ...
- (bb) (in relation to an ACS) the contractual scheme deed;
- (c) (in relation to a *collective investment scheme* other than an *authorised fund AIF* or an ~~EEA UCITS scheme~~ a *UCITS*) any instrument to which the *operator* is a party setting out any arrangements with any other *person* relating to any aspect of the operation or management of the scheme.

...

investment adviser

~~(in relation to an authorised fund) a person who is retained by an ICVC, its directors or its ACD or by a manager of an AUT or by an authorised contractual scheme manager of an ACS under a commercial arrangement which is not a contract of service:~~

- ~~(a) to supply any of them with advice in relation to the authorised fund as to the merits of investment opportunities or information relevant to the making of judgements about the merits of investment opportunities; or~~
- ~~(b) to exercise for any of them any function concerning the management of the scheme property.~~

...

leverage

~~(in accordance with~~ under article 4(1)(v) of *AIFMD*) any method by which an *AIFM* increases the exposure of an *AIF* it manages whether through borrowing of cash or *securities*, or leverage embedded in *derivative* positions or by any other means.

...

long-term incentive scheme

~~(in LR) any arrangement (other than a retirement benefit plan, a deferred bonus or any other arrangement that is an element of an executive director's remuneration package) which may involve the receipt of any asset (including cash or any security) by a director or employee of the group:~~

- ~~(a) which includes one or more conditions in respect of service and/or performance to be satisfied over more than one financial year; and~~
- ~~(b) pursuant to which the group may incur (other than in relation to the establishment and administration of the arrangement) either cost or a liability, whether actual or contingent.~~
[deleted]

...

managing an AIF the regulated activity, specified in article 51ZC of the *Regulated Activities Order* ~~of~~, which is, in summary, performing at least risk management or portfolio management for an *AIF*.

...

marketing (in *COLL*) (in relation to marketing *units* in a regulated collective investment scheme in a particular country or territory):

(1) (a) ~~communicating to a person in that country or territory an invitation or inducement to become, or offer to become, a holder in that regulated collective investment scheme;~~

(b) ~~giving advice on investments to, or arranging (bringing about) a deal in an investment for a person in that country or territory to become a holder in that regulated collective investment scheme.~~

(2) ~~(except in *COLL*) a direct or indirect offering or placement, at the initiative of the *AIFM* or on behalf of the *AIFM* of *units* or *shares* of an *AIF* it manages, to or with investors domiciled or with a registered office in the *EEA*.~~

[~~Note: article 4(1)(x) of *AIFMD*~~]

...

plan manager in relation to:

(a) ~~{deleted}~~

(b) ~~a group *ISA*, the *ISA manager*;~~

(c) ~~a group savings plan, the person primarily responsible for that group savings plan.~~

...

plan register (1) (in relation to an *ICVC*) a record of *persons* who subscribe to a *group plan* and for whom *shares* in the *ICVC* are held for the purposes of the *group plan* by the *plan manager* or a nominee (other than a record for the establishment or maintenance of which no payments are to be made out of the *scheme property*).

(2) (in relation to an *AUT*) a sub *register* to the *register*, which sub *register* records *persons* who subscribe to a *group plan* and for whom *units* in the *AUT* are held for the purposes of the plan by the *plan manager* or a nominee (other than any sub *register* that has not been established and maintained in

accordance with *COLL 6.4.4R* (Register: general requirements and contents) or for the establishment of which no payments are to be made out of the *scheme property*).

...

prime brokerage firm a firm that provides *prime brokerage services* to a *client* and which may do so acting as *principal*.

- (1) ~~(except in *FUND*) a firm that provides *prime brokerage services* to a *client* and which may do so acting as *principal*.~~
- (2) (in *FUND*) a *credit institution*, regulated *investment firm* or another entity subject to prudential regulation and ongoing supervision, offering services to *professional clients* primarily to finance or execute transactions in *financial instruments* as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, *stock lending*, customised technology and operational support facilities.

[Note: article 4(1)(af) of *AIFMD*]

...

prime brokerage services A package of services provided under a *prime brokerage agreement* which gives a *prime brokerage firm* a right to use *safe custody assets* for its own account and which comprises each of the following:

- (a) ~~custody or arranging safeguarding and administration of assets;~~
- (b) clearing services; and
- (c) financing, the provision of which includes one or more of the following:
 - (i) capital introduction;
 - (ii) margin financing;
 - (iii) *stock lending*;
 - (iv) stock borrowing
 - (v) entering into repurchase or reverse repurchase transactions;

and which, in addition, may comprise consolidated reporting and other operational support.

...

~~qualifying capital instrument~~

~~(in UPRU) means that part of a firm's capital which is a security of indeterminate duration, or other instrument, that fulfils the following conditions:~~

- ~~(a) it may not be reimbursed on the bearer's initiative or without the prior agreement of FCA;~~
- ~~(b) the debt agreement must provide for the firm to have the option of deferring the payment of interest on the debt~~
- ~~(c) the lender's claims on the firm must be wholly subordinated to those of all non-subordinated creditors;~~
- ~~(d) the documents governing the issue of the securities must provide for debt and unpaid interest to be such as to absorb losses, whilst leaving the firm in a position to continue trading; and~~
- ~~(e) only fully paid-up amounts shall be taken into account.~~

~~qualifying capital item~~

~~(in UPRU and IPRU(INV)) means that part of a firm's capital which has the following characteristics:~~

- ~~(a) it is freely available to the firm to cover normal banking or other risks where revenue or capital losses have not yet been identified;~~
- ~~(b) its existence is disclosed in internal accounting records; and~~
- ~~(c) its amount is determined by the management of the firm and verified by independent auditors, and is made known to, and is monitored by, FCA.~~

~~Note: verification by internal auditors will suffice until such time as EU provisions making external auditing mandatory have been implemented.~~

...

~~qualifying subordinated loan~~

- ~~(1) (in UPRU) has the meaning given in IPRU(INV) 5.2.5(1) to (7) (Qualifying subordinated loans).~~
- ~~(2) (in IPRU(INV) 11) has the meaning given in IPRU(INV) 11.5 (Qualifying subordinated loans).~~

...

~~readily realisable investment~~

- ~~(1) (except in UPRU)~~
 - ~~(a) a packaged product;~~

(b) ~~a readily realisable security.~~

(2) ~~(in UPRU and IPRU(INV)) means a unit in a regulated collective investment scheme, a life policy or any marketable investment other than one which is traded on or under the rules of a recognised or designated investment exchange so irregularly or infrequently:~~

(a) ~~that it cannot be certain that a price for that investment will be quoted at all times; or~~

(b) ~~that it may be difficult to effect transactions at any price which may be quoted.~~

...

register

(1) ~~{deleted}~~

(2) ~~{deleted}~~

(3) ~~(in COLL) the register of unitholders kept under Schedule 3 to the OEIC Regulations or COLL 6.4.4R (Register: general requirements and contents), or COLL 8.5.8R (The register of unitholders: AUTs or ACSs) as appropriate or, in relation to a collective investment scheme that is not an authorised fund, a record of the holders (other than of bearer certificates) of units in it.~~

...

regulated activity

(A) in the PRA Handbook:

(in accordance with section 22 of the Act (Regulated activities)) any of the following activities specified in Part II of the *Regulated Activities Order* (Specified Activities):

(ma) acting as the depositary of an authorised contractual scheme (article 51(1)(bb));

(n) acting as the depositary or sole director of an open-ended investment company (article 51(1)(c))

(na) managing a UCITS (article 51ZA);

(nb) acting as trustee or depositary of a UCITS (article 51ZB);

(nc) managing an AIF (article 51ZC);

(nd) acting as trustee or depositary of an AIF (article 51ZD);

(ne) establishing, operating or winding up a collective investment

scheme (51ZE).

...

- ~~safe custody asset~~
- (a) ~~in relation to *MiFID business*, a *financial instrument*; or~~
 - (b) ~~in relation to *safeguarding and administering investments that is not MiFID business*, and /or *acting as trustee or depositary of a UCITS*, a *safe custody investment*; or~~
 - (c) ~~when *acting as trustee or depositary of an AIF*, an *AIF custodial asset*.~~

...

small AIFM an *AIFM* which meets the conditions in regulation 9 (meaning of “small AIFM”) of the *AIFMD UK regulation*.

small authorised UK AIFM a *UK AIFM* which:

- (a) is a *small AIFM*; and
- (b) has not opted in to *AIFMD* ~~under~~ in accordance with article 3(4) of *AIFMD* to become a *full-scope UK AIFM*.

...

- sponsor*
- (A) In the *PRA Handbook*:
(in *BIPRU*), in accordance with Article 4(42) of the *Banking Consolidation Directive (Definitions)* and in relation to a *securitisation* within the meaning of paragraph (2) of the definition of *securitisation*) an *undertaking* other than an *originator* that establishes and manages an *asset backed commercial paper programme* or other *securitisation scheme* that purchases *exposures* from third party entities.
 - (B) In the *FCA Handbook*:
 - (1) ...
 - (2) (in *BIPRU* and *FUND*), in accordance with Article 4(42) of the *Banking Consolidation Directive (Definitions)* and in relation to a *securitisation* within the meaning of paragraph (2) of the definition of *securitisation*) an *undertaking* other than an *originator* that establishes and manages an *asset backed commercial paper programme* or other *securitisation scheme* that purchases *exposures* from third party entities.

sponsor service a service relating to a matter referred to in *LR 8.2* that a *sponsor* provides or is requested or appointed to provide, including preparatory work that a *sponsor* may undertake before a decision is taken as to whether or not it will act as *sponsor* for a *listed company* or *applicant* or in relation to a particular transaction, and including all the *sponsor's* communications with the *FSA* in connection with the service. But nothing in this definition is to be taken as requiring a *sponsor* when requested to agree to act as a *sponsor* for a *company* or in relation to a transaction.

...

unitisation arrangements for a newly formed *AUT* or *ACS* under which:

- (a) the whole or part of the property of a *body corporate* (or a *collective investment scheme*) becomes the first property to be held on the trusts of the *AUT* or *ACS*; and
- (b) the *holders* of:
 - (i) *shares* in the *body corporate* being wound up; or
 - (ii) *units* in the *collective investment scheme*, the property of which is being transferred;

become the first participants in the *AUT* or *ACS*.

...

unrecognised scheme (~~in *LR*~~) a *collective investment scheme* which is neither a *recognised scheme* nor a scheme that is constituted as an *authorised unit trust scheme*.

Part II – to come into force on 22 July 2014

designated investment business any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:

...

- (i) ~~establishing, operating or winding up a collective investment scheme (article 51(1)(a)); for the purposes of the permission regime, this is sub-divided into:~~
 - (i) ~~establishing, operating or winding up a regulated collective investment scheme;~~

- (ii) ~~establishing, operating or winding up an unregulated collective investment scheme;~~
- (j) ~~acting as trustee of an authorised unit trust scheme (article 51(1)(b));~~
- (k) ~~acting as the depositary or sole director of an open-ended investment company (article 51(1)(e));~~
- (ka) ~~acting as the depositary of an authorised contractual scheme (article 51(1)(bb));~~

...

*establishing,
operating or winding
up a collective
investment scheme*

the regulated activity, specified in article 51(1)(a) or 51ZE of the *Regulated Activities Order* (Establishing etc. a collective investment scheme), of establishing, operating or winding up a *collective investment scheme*.

Annex B**Amendments to the Statements of Principle and Code of Practice for Approved Persons
(APER)**

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

1.1B Application

...

What?

- 1.1B.4 G The relevance of *MiFID* to the *Statements of Principle* will depend on the extent to which the corresponding requirement imposed on *firms* under *MiFID* is reserved to a *Home State regulator* or has been disapplied under *MiFID* (see *APER 2.1B.2P* and *FIT 1.2.4AG*).

...

Annex C

Amendments to the General Provisions sourcebook (GEN)

In this Annex, underlining indicates new text.

4.3 Letter disclosure

...

- 4.3.2B G For a *UK domestic firm* that is a *PRA-authorised person*, the required disclosure in GEN 4 Annex 1AR is "Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority".

...

Annex D

Amendments to the Fees manual (FEES)

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

1.1 Application and Purpose

...

Application

1.1.2 R The manual applies in the following way:

- (1) ...
- (2) *FEES* 1, 2 and 4 apply to:
 - (a) every firm (except an *AIFM qualifier*, *ICVC* or *UCITS qualifier*);
 - (b) every ~~manager~~ authorised fund manager of an authorised ~~unit trust~~ unit trust or authorised contractual scheme;
 - ...
 - (k) every *fee-paying electronic money issuer*; ~~and~~
 - (l) ...
 - (m) every *AIFM* applying to become a *small registered UK AIFM* and every *small registered UK AIFM*; and
 - (n) every *AIFM* notifying the *FCA* under regulation 57, 58 and 59 of the *AIFMD UK regulation* and every *AIFM* which has made such a notification.

...

2.2 Late Payments and Recovery of Unpaid Fees

...

2.2.2 G The *FCA*, (for *FCA* and *PRA* periodic fees, *FOS* and *FSCS* levies and *CFEB* levies), ~~expect~~ expects to issue invoices at least 30 *days* before the date on which the relevant amounts fall due. Accordingly it will generally be the case that a *person* will have at least 30 *days* from the issue of the invoice before an administrative fee becomes payable.

Recovery of Fees

- 2.2.3 G Paragraphs 23(8) and 27 of Schedule 1ZA and paragraphs 31(7) and 35 of Schedule 1ZB of the *Act* permit the *FCA* and *PRA* respectively to recover fees (including in respect of the *FCA*, fees relating to *payment services*, the issuance of *electronic money* and, where relevant, *FOS* levies and *CFEB levies*), and section 213(6) permits the *FSCS* to recover shares of the *FSCS* levy payable, as a debt owed to the *FCA*, *PRA* and *FSCS* respectively, and the *FCA*, *PRA* and *FSCS*, as relevant, will consider taking action for recovery (including interest) through the civil courts.

...

3 Annex 9

(1) R		The Special Project Fee for restructuring (the SPFR) is only payable by a <i>person</i> in one of the following categories:
...		
(8) R		No Subject to <i>FEES</i> TP 8.1R, <u>no</u> SPFR is payable to an <i>appropriate regulator</i> :
	...	
(9) R		The SPFR for the <i>appropriate regulator</i> is calculated as follows:
	(a)	Determine the number of hours, or part of an hour, taken by the <i>appropriate regulator</i> , or, if applicable, both the <i>FCA</i> and <i>PRA</i> <u>under <i>FEES</i> TP 8.1R</u> , in relation to regulatory work conducted as a consequence of the activities referred to in (2) or (6).

...

4 Annex 12G Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3 and FEES 4 Annex 1BR Part 3

6.1 Application

...

General structure

...

- 6.1.7 G In order to allocate a share of the amount of *specific costs* and *compensation costs* to be funded by an individual *participant firm*, the funding arrangements are split into ~~eight~~ twelve classes-. These are the *deposits class*; the *life and pensions provision class*; the *general*

insurance provision *class*; the investment provision *class*; the life and pensions intermediation *class*; the home finance intermediation *class*; the investment intermediation *class* and the general insurance intermediation *class* and the four FCA provider contribution classes (the deposit acceptor's contribution class; the insurers-life contribution class; the insurers – general contribution class; and the home finance providers and administrators' contribution class). The *permissions* held by a *participant firm* determine into which *class*, or *classes*, it falls.

...

Specific costs levy

...

6.4.7 R The FSCS must calculate a *participant firm's* share of a *specific costs levy* (subject to FEES 6.3.22R (Adjustments to calculation of levy shares) by:

- (1) ...
- (2) ...
- (3) calculating, in relation to each relevant *class*, the *participant firm's* tariff base (see FEES 6 Annex 3R) as a proportion of the total tariff base of all *participant firms* in the *class*, using the statement of business most recently supplied under FEES 6.5.13R;

...

...

6.5 Compensation costs

6.5.2 R The FSCS must allocate any *compensation costs levy*:

- (1) ~~first, to the relevant classes~~ in proportion to the amount of *compensation costs* arising from, or expected to arise from, claims in respect of the different activities for which *firms* in those *classes* have *permission* up to the *levy limit* of each relevant *class*; ~~and~~
- (2) ~~thereafter, where the levy limit has been reached (whether as a result of compensation costs or specific costs or both) for a class whose attributable costs may be allocated to the retail pool, to the retail pool in accordance with FEES 6.5A. [deleted]~~

...

6.5.6 R The FSCS must calculate each *participant firm's* share of a *compensation costs levy* (subject to FEES 6.3.22R (Adjustments to calculation of levy

shares)) by:

- (1) ...
- (2) ...
- (3) calculating, in relation to each relevant *class*, the *participant firm's* tariff base (see *FEES 6 Annex 3R*) as a proportion of the total tariff base of all *participant firms* in the *class*, using the statement of business most recently supplied under *FEES 6.5.13R* ;
- (4) ...
- ...

...

TP 8 Transitional provisions relating to FEES 3 Annex 9R and FEES 4.3.6R taking effect in 2013/14

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
8.1.3	<i>FEES 3 Annex 9R</i>	R	In relation to the kind of special project fee specified in <i>FEES TP 8.1.1R</i> , where one of the events referred to in <i>FEES 3 Annex 9R(2)</i> or (9)(b) (6)(b) had occurred: ...	From 1 April 2013 indefinitely	1 April 2013
...					

Annex E

Amendments to Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU)

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

1.3 Applications for advanced approaches and waivers

...

Waiver - general

1.3.10 G As explained in SUP 8, under ~~sections~~ section 138A and ~~138B~~ of the *Act*, the *appropriate regulator* may not grant a *waiver* to a *firm* unless it is satisfied that:

- (1) compliance by the *firm* with the *rules*, or with the *rules* as modified, would be unduly burdensome or would not achieve the purpose for which the *rules* were made; and
- (2) the *waiver* would not ~~result in undue risk to persons whose interests the rules are intended to protect~~ adversely affect the advancement of any of the *appropriate regulator's* objectives.

...

2.2 Internal capital adequacy standards

...

Failure to meet individual capital guidance and monitoring and reporting on capital planning buffer

...

2.2.23C G Where a *firm's capital planning buffer* is being drawn down due to circumstances other than those referred to in BIPRU 2.2.23G, such as poor planning or mismanagement, the *appropriate regulator* may ask the *firm* for more detailed plans for it to restore its *capital planning buffer*. In the light of the relevant circumstances, the *appropriate regulator* may consider taking other remedial actions, which may include using its powers under ~~section 55J of the *Act* to vary on its own initiative a *firm's Part 4A permission*.55L~~ (in the case of the *FCA*) or section 55M (in the case of the *PRA*) of the *Act* to impose on its own initiative such requirements on a *firm* as it considers appropriate.

...

3.4.28 R An *exposure* to a *multilateral development bank* listed in point ~~(1)~~ (a) of

the definition in the *Glossary* must be assigned a 0% risk weight.

...

- 7.10.47 G This paragraph provides *guidance* on BIPRU 7.10.46R(~~3~~)(2). Take as an example a *VaR model* based on a factor model or on a historical simulation model. The ability of the model to explain price variation could be demonstrated by a statistical comparison over the same period of time between actual price changes on the portfolio and the profit and loss impact of risk factors included within the model. A *firm* may wish to include an estimate of residual variation not explained by the model.

...

Annex F

Amendments to the Prudential sourcebook for Insurers (INSPRU)

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

1.5 Internal-contagion risk

...

Payment of financial penalties

- 1.5.33 R ~~If the *FCA* or *PRA* imposes a financial penalty on a *long term insurer*, the *firm* must not pay that financial penalty from a *long term insurance fund*.~~ [deleted]

...

7.1 Application

...

- 7.1.3A G ... In particular:

...

- (2) certain *rules* and *guidance* in *INSPRU* 7.1 are also made by the *FCA* for the purpose of their application to *dormant account fund operators*...

Annex G

Amendments to the Interim Prudential sourcebook for Friendly Societies (IPRU (FSOC))

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

Attachment to Annex 5

Proforma Application

Insurance ~~Firms Division~~ Returns

~~The Financial Services Authority~~ Regulatory Data Group

Statistics and Regulatory Data Division (HO5 A-B)

~~25 The North Colonnade~~ Bank of England

~~Canary Wharf~~ Threadneedle Street

London

~~E14 5HS~~ EC2R 8AH

...

Annex H

Amendments to the Interim Prudential sourcebook for Insurers (IPRU (INS))

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

Appendix 9.11

Reporting Forms

- 1 ~~This appendix consists of only one or more forms or templates. Forms and templates are to be found through the 'Forms' link under Useful Links section at www.fshandbook.info or on the Handbook CD-ROM. The reporting forms and templates can be found in instrument 2001/22 Lloyd's Sourcebook Instrument 2001, as amended by instrument 2005/72 Lloyd's Sourcebook (Amendment No 3) Instrument 2005.~~

Annex I

Amendments to the Supervision manual (SUP)

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

6.1 Application, interpretation and purpose

Application

...

- 6.1.2 G ~~If appropriate, a firm which is an authorised fund manager should also refer to COLL 7 for guidance on the termination of ICVCs, ACSs and AUTs and on winding up authorised funds that are not commercially viable. [deleted]~~

...

Variation of permission involving insurance business

...

- 6.3.12 G In applying to vary its *Part 4A permission* to add categories of *specified investments*, in relation to *insurance business*, a firm carrying on *insurance business* will need to determine the *classes of specified investments* relating to *effecting and carrying out contracts of insurance* for which variation of *Part 4A permission* will be necessary, having regard to whether certain *classes* of contract may qualify to be effected or carried out on an ancillary or supplementary basis (~~see SUP 3.12.6G to SUP 3.12.12G~~).

...

Annex J

Amendments to the Compensation sourcebook (COMP)

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

Claims in respect of protected dormant accounts

...

- 10.2.13 G The purpose of *COMP* 10.2.12R is to ensure that *persons* whose *balances* in a *dormant account* have been transferred to a *dormant account fund operator* do not have their entitlement to compensation reduced in the event of default of the *dormant account fund operator*. So, a *person* who held *dormant accounts* with two different *relevant persons*, the liability for which were then automatically transferred to the *dormant account fund operator*, could still be compensated by the *FSCS* on the basis of accounts with two separate *relevant persons* (and so could receive up to 2 x £50,000 £85,000 in compensation) rather than just one account with one *relevant person*.

...

14.1 Application and Purpose

Application

- 14.1.5 G In relation to an *incoming EEA firm's passporting activities*, its *Home State* compensation scheme must provide compensation cover in respect of business within the scope of the *Deposit Guarantee Directive*, *Investors Compensation Directive*, ~~and~~ article 6(3) of the *UCITS Directive* and article 6(4) of AIFMD, whether that business is carried on from a *UK branch* or on a *cross-border services* basis. ~~(For an EEA UCITS management company this is only for certain passported activities, namely managing investments (other than collective portfolio management, advising on investments or safeguarding and administering investments. Insurance mediation activity relating to non-investment insurance contracts is not within the scope of the Deposit Guarantee Directive and the Investor Compensation Directive.~~

...

Sch 1 Record-keeping requirements

...

- 1.2 G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention Period

...				
COMP 10.2.10 R(3) [deleted]	Potential claimants for whom the separate limit under COMP 10.2.10R(2) applies	Sufficient details to enable the identification of claimants for whom the separate limit under COMP 10.2.10R(2) applies	As implicit from the rules in COMP	As implicit from the rules in COMP
COMP 10.2.11R [deleted]	Potential claimants for whom the separate limit under COMP 10.2.11R(2) applies	Sufficient details to enable the identification of claimants for whom the separate limit under COMP 10.2.11R(2) applies	As implicit from the rules in COMP	As implicit from the rules in COMP

Annex K

Amendments to the Building Societies Regulatory Guide (BSOG)

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

2.5 Confirmation

...

The ~~Authority's~~ Prudential Regulator's decision

- 2.5.31 G The Prudential Regulator will not normally give an oral decision at the end of the hearing and may be expected to reserve its decision to be issued later in writing, setting out its reasons. Copies of the written decision will be sent to the participants and, on request, to any other person. The decision may also be published, and the Prudential Regulator usually asks the ~~registration team~~ FCA to place copies on the public files of the participating societies.

...

2.8 Timetable

...

- 2.8.4 G Notes:

...

- (4) Where the Prudential Regulator is the PRA it is under a statutory obligation to consult the FCA (~~see section 95(6A) of the 1986 Act~~) in respect of approval of the Transfer Statement and Confirmation. This consultation will take place within the above timetable.

...

3.8 Notification and Dissolution

...

- 3.8.5 G The society will be dissolved on the vesting date or on the later date for dissolution referred to in *BSOG* 3.8.2G, and its registration will subsequently be cancelled by the ~~FCA~~ FCA under the provisions of Section 103(1)(a) of the 1986 Act ~~having consulted the FCA~~ PRA.

...