

Quarterly Consultation

CP24/26

No 46

December 2024

How to respond

The Financial Conduct Authority invites comments on this consultation paper. Comments should reach us by 13 January 2025 for Chapters 2, 3, 5, 6 and 7 and 27 January 2025 for Chapter 4.

Comments may be sent by electronic submission using the form on the [FCA's website](#).

Alternatively, please send comments in writing to:

Chapter 2: Rachel Johnson, Sustainable Finance Policy
Telephone: 020 7066 9090

Chapter 3: Barbara Kubis-Labiak, Consumer Finance Data Team
Telephone: 020 7066 6876

Chapter 4: Alessia Di Camillo, Risk and Policy Team – Insurance Market Analysis and Policy
Telephone: 020 7066 2308

Chapter 5: Nir Reshef, Governance and Cross-Cutting Standards
Telephone: 020 7066 5150

Chapter 6: Janet Brown, Primary Markets Policy
Telephone: 020 7066 4766

Chapter 7: Yusuf Ingar, Resolution Strategy, Operations & CASS
Telephone: 020 7066 1119

If you are responding in writing to several chapters please send your comments to Lisa Ocerro in the Handbook Team, who will pass your responses on as appropriate.

All responses should be sent to:
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Email: cp24-26@fca.org.uk



Sign up for our news and publications alerts

See all our latest press releases, consultations and speeches.

Disclaimer

When we make rules, we are required to publish:

- a list of the names of respondents who made representations where those respondents consented to the publication of their names,
- an account of the representations we receive, and
- an account of how we have responded to the representations.

In your response, please indicate:

- if you consent to the publication of your name. If you are replying from an organisation, we will assume that the respondent is the organisation and will publish that name, unless you indicate that you are responding in an individual capacity (in which case, we will publish your name),
- if you wish your response to be treated as confidential. We will have regard to this indication, but may not be able to maintain confidentiality where we are subject to a legal duty to publish or disclose the information in question.

We may be required to publish or disclose information, including confidential information, such as your name and the contents of your response if required to do so by law, for example under the Freedom of Information Act 2000, or in the discharge of our functions. Please note that we will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Irrespective of whether you indicate that your response should be treated as confidential, we are obliged to publish an account of all the representations we receive when we make the rules.

Further information on about the FCA's use of personal data can be found on the FCA website at: www.fca.org.uk/privacy.

Contents

Chapter 1	Overview	Page 5
Chapter 2	Corrections and clarificatory amendments to the Sustainability Disclosure Requirements (SDR)	Page 6
Chapter 3	Amendments to SUP 16: Consumer Credit - Product Sales Data Reporting	Page 11
Chapter 4	Amendments to rules on travel insurance signposting for consumers with pre-existing medical conditions	Page 17
Chapter 5	Disapplying the Compliance Oversight Function (SMF16) from Insurance Special Purpose Vehicles (ISPV)	Page 22
Chapter 6	Amendments to update references to the UK Corporate Governance Code 2024	Page 26
Chapter 7	Proposals for debt management firms to submit a CASS audit . . .	Page 35
Annex 1	List of questions	Page 39
Annex 2	Abbreviations used in this paper	Page 41
Appendix 1	Corrections and clarificatory amendments to the Sustainability Disclosure Requirements (SDR)	
Appendix 2	Amendments to SUP 16: Consumer Credit - Product Sales Data Reporting	
Appendix 3	Amendments to rules on travel insurance signposting for consumers with pre-existing medical conditions	
Appendix 4	Disapplying the Compliance Oversight Function (SMF16) from Insurance Special Purpose Vehicles (ISPV)	
Appendix 5	Amendments to update references to the UK Corporate Governance Code 2024	
Appendix 6	Proposals for debt management firms to submit a CASS audit	

Chapter 1

Overview

Chapter No	Proposed changes to Handbook	Consultation Closing Period
2	To make minor amendments to the Anti-greenwashing Rule and the Sustainability Disclosure Requirements (SDR).	5 weeks
3	To amend SUP 16.11, SUP 16 Annex 20G and SUP 16 Annex 21R, in order to clarify or improve the wording for better understanding in relation to consumer credit product sales data reporting.	5 weeks
4	To increase the £100 medical condition premium trigger point for firms to signpost customers with pre-existing medical conditions (PEMCs) to a directory of specialist providers and futureproof the threshold in line with inflation. To limit the number of entries in a medical cover firm directory to a single brand per firm.	7 weeks
5	To remove the requirement for UK Insurance Special Purpose Vehicles (UK ISPVs) to comply with SYSC 3.2.8R and to allocate the SMF16 Compliance Oversight Function.	5 weeks
6	To update references to the new edition of the UK Corporate Governance Code in the Handbook.	5 weeks
7	To amend SUP 3.1.2R(5B) to address a gap in our rules that currently allows debt management firms to avoid submitting a CASS audit.	5 weeks

Chapter 2

Corrections and clarificatory amendments to the Sustainability Disclosure Requirements (SDR)

Introduction

- 2.1** We are proposing to make amendments to the Environmental, Social and Governance sourcebook (ESG) and to update certain guidance provisions in other related sourcebooks for the purposes of clarifying certain existing rules and giving proper effect to the policy proposals consulted upon in Consultation Paper (CP) [22/20](#) and finalised in Policy Statement (PS) [23/16](#). The proposed amendments are set out below.

Summary of proposals

ESG 4.1.19R(2)(a)

- 2.2** We are proposing to amend ESG 4.1.19R(2)(a) to clarify that where distributors are using the terms set out in ESG 4.3.2R(2) in either the name of a recognised scheme or a financial promotion relating to the scheme, they need to comply with both ESG 4.1.19R(2)(a) and ESG 4.1.19R(2)(b). This aligns with our policy intention as set out in [CP22/20](#) and follows the provision in ESG 4.1.19R(1) logically which sets requirements for distributors to prepare a notice.

Question 2.1: Do you agree with our proposed amendment to ESG 4.1.19R(1)(a)?

ESG 4.3.1R (the 'anti-greenwashing' rule)

- 2.3** In ESG 4.3.1R(1)(a), we are proposing to remove the Glossary term link from the word 'communicates'. As set out in [CP22/20](#) and confirmed in [PS23/16](#), our policy intention is that this is a general rule requiring all authorised firms to ensure that the information they communicate to their clients about the sustainability characteristics of their products is fair, clear and not misleading. Linking 'communicates' to the Glossary definition incorrectly limits the scope of paragraph (a) to financial promotions. By removing the link, the word 'communicates' will have its broader, natural meaning, as intended.
- 2.4** In ESG 4.3.1R(1)(b), we are proposing to make clear our policy intention that the anti-greenwashing rule should be read consistently with COBS 4.2.1R(2)(b)(i) and (iii) by replicating the exclusions with respect to 'an excluded communication' and 'a third party prospectus'. In Finalised Guidance (FG) [24/3](#), we set out that some sections of the Handbook elaborate on what the 'fair, clear and not misleading' requirement means

in specific contexts and that the anti-greenwashing rule is intended to complement our existing rules and does not seek to create additional obligations for firms. These amendments make clear our policy intention in relation to COBS 4.2.1R(2)(b)(i) and (iii). We are not seeking to cross-reference across all relevant sections of the Handbook and we expect firms to refer to our anti-greenwashing guidance to understand how the rule relates to other existing requirements.

- 2.5** Further, with respect to ESG 4.3.1R(1)(b), we proposed in [CP24/8](#) on extending the Sustainability Disclosure Requirements (SDR) and investment labels regime to portfolio management, to remove the Glossary term link from the word 'communication'. We did not receive any feedback on this in [CP24/8](#) and therefore we propose to implement that change as part of any other changes considered appropriate to make as a result of this consultation.

Question 2.2: Do you agree with our proposed amendments to ESG 4.3.1R?

ESG 4.3.7R(3)

- 2.6** We are proposing to amend ESG 4.3.7R to add the words 'where it is not using a sustainability label' to make clear that the manager of a feeder fund must only comply with ESG 4.3.5R(3) when they are not using a sustainability label.

Question 2.3: Do you agree with our proposed amendment to ESG 4.3.7R(3)?

ESG 5.3.3R(6)

- 2.7** ESG 5.3.3R(6) currently requires a manager to disclose in its pre-contractual disclosures details of the key performance indicators (KPIs) that it will use under ESG 4.2.3R(3) 'and/or' other metrics a retail client may reasonably find useful in understanding the manager's investment policy and strategy for the relevant product. The policy intention is that:

- 1.** a manager who is using a sustainability label, must disclose the KPIs that it will use under ESG 4.2.4R(3), **as well as** any other metrics that a retail client may find useful; or
- 2.** a manager who is not using a sustainability label (and who will therefore not be using KPIs under ESG 4.2.4R(3)), must disclose any metrics that a retail client may find useful.

- 2.8** As currently drafted, there is a risk that the rule could be interpreted to mean that a manager who is using a sustainability label may choose to disclose **either** the KPIs it is using under ESG 4.2.3R(3) or other metrics. This would undermine the policy objective set out above. On that basis, we propose to amend the wording 'and/or' to make clear that, where a manager is using a sustainability label, it must disclose the KPIs it is using under ESG 4.2.3R(3). Additionally, all managers, whether using a sustainability label or

not, must include details of any metrics that a retail client may reasonably find useful in understanding the manager's investment policy or strategy for the relevant product.

Question 2.4: Do you agree with our proposed amendment to ESG 5.3.3R(6)?

ESG 5.4.3R(1)

- 2.9** ESG 5.4.3R(1) requires managers who use either a sustainability label or the terms set out in ESG 4.3.2R(2), to produce a product-level sustainability report annually, covering a 12-month period. Our rules currently require a manager to produce the first report within 12 months after a manager first starts to use a label or the terms. This means that, in order to cover the requisite 12-month reporting period while also complying with the timescale for producing the first report, managers may need to cover a period of time during which they were not using a label or the relevant terms. This was not the policy intention. On that basis, we propose amending ESG 5.4.3R(1) so that for the first product-level report, managers have 16 months from the start of their use of a label or the terms in which to produce that report, allowing an additional 4 months to prepare it. Reporting should then continue on an annual basis.

Question 2.5: Do you agree with our proposed amendment to ESG 5.4.3R(1)?

ICOBS 2.2.4AG, MCOB 3A.2.2AG, BCOBS 2.2.7G, CMCOB 3.2.2AG, FPCOB 4.2.4AG and CONC 3.3.9A

- 2.10** In PS23/16, we amended several sourcebooks in the Handbook to include reference to the anti-greenwashing rule (ESG 4.3.1R) to remind firms of their obligations in relation to sustainability-related claims. In line with the correction proposed in ESG 4.3.1R(1)(a), we are proposing to add clarificatory text to these references in other sourcebooks so that all references to ESG 4.3.1R are up to date and reflect our policy intention across our Handbook.

Question 2.6: Do you agree with our proposed amendments to ICOBS 2.2.4AG, BCOBS 2.2.7G, MCOB 3A.2.2AG, CMCOB 3.2.2AG, FPCOB 4.2.4AG and CONC 3.3.9A?

Rule Review Framework

- 2.11** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework. However, we will be carrying out a post-implementation review after 3 years to assess if our intervention has met its intended outcomes, identify implementation issues and potential unintended consequences, and assess compliance with the rule.

Cost benefit analysis

- 2.12** Section 138I(2)(a) of FSMA requires us to publish a cost benefit analysis (CBA) when proposing draft rules. The CBA in [CP22/20](#) and [CP24/8](#) was based on the policy intention set out in the CP and we do not anticipate that firms will need to take any additional action as a result of the changes proposed in this chapter. Section 138L of FSMA states that we do not need to provide a CBA where we consider that there will be no increase in costs, or the increases will be of minimal significance.

Impact on mutual societies

- 2.13** Section 138K(2) of FSMA requires us to prepare a statement setting out our opinion on whether proposed rules will have an impact on mutual societies, which is significantly different from the impact on other authorised persons. We are satisfied that the proposals in this chapter would not have a significant different impact on mutual societies compared with other authorised persons.

Compatibility statement

- 2.14** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives, and that we have had regard to the regulatory principles in section 3B of FSMA and to the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 2.15** With respect to our duty under section 3B(1)(c) of FSMA, our proposed amendments may make an indirect contribution towards the Secretary of State meeting the UK's net-zero target and environmental targets through improving transparency for consumers and thereby supporting potential market demand for sustainable products.
- 2.16** As set out in [CP22/20](#) and [PS23/16](#), which this further consultation seeks to implement, we are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers. The proposed minor amendments seek to clarify the requirements helping firms to comply with the rules but do not introduce new requirements. We are also satisfied that the proposed amendments are compatible with the FCA's secondary competitiveness and growth objective. We are satisfied that any burdens or restrictions are proportionate to the expected benefits.
- 2.17** The development of the policy content set out in this Quarterly Consultation Paper was started and completed before 15 November 2024, before HMT issued a new set of recommendations about aspects of the Government's policy to which the FCA should have regard in a remit letter under section 1JA FSMA 2000. The FCA acknowledges the new remit letter, and our initial view is that the intended effects of the proposal are in line with the new recommendations. We will continue to consider this matter and have regard to the new remit letter when finalising and making the rules.

Equality and diversity

- 2.18** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 2.19** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 3

Amendments to SUP 16: Consumer Credit - Product Sales Data Reporting

Introduction

- 3.1** In September 2023, we published the Consultation Paper (CP) [23/21](#), where we proposed introducing 3 new Product Sales Data (PSD) returns into Chapter 16 of the Supervision manual (SUP 16). Following that, we published our Policy Statement (PS) [24/3](#) and the final rules in April 2024. Since then, we have held a series of workshops and have received requests for clarification as firms begin to implement the changes required.

Summary of proposals

- 3.2** Following from the above-mentioned requests for clarification on the final rules, we have identified areas where clearer rules or guidance are required to support firms' ability to meet those rules. We therefore propose to make some amendments to SUP 16, by theme.
- 3.3** These changes are not intended to impact the policy scope; instead, they focus on clarifying the language of the existing rules. The aim is to ensure the rules are clearer, making them easier to understand and more practical for firms.

SUP 16.11 - Product Sales, Performance and Back-book Data Reporting

- 3.4** In SUP 16.11.3R(3B), we propose to add a clarification that this paragraph relates to nil returns for mortgage performance data reports. We also propose to clarify that SUP 16.11.3R(3A) relates to sales data reports.

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

- 3.5** We propose to include an additional cross reference to the relevant rule for back-book data reports. We also propose to add a paragraph to clarify what a reportable transaction is for a relevant 'regulated credit agreement'. In Table 6, we propose to clarify that for 'non-threshold short-term loan firms', the relevant 'regulated credit agreements' are 'high-cost short-term credit' and 'home credit loan agreements'.

SUP 16 Annex 21R - Reporting Fields

Retail revolving credit (Sales Data Ref 38A, 40A, 41A, 42A, 43A, 121A, Back-book Data Ref 9A, Performance Data Ref 22A)

- 3.6** We propose to amend and/or delete references to 'retail revolving credit to pay for periodic premiums or fees only' and replace with 'running-account credit to pay for periodic premiums or fees only'. This is because the Handbook definition 'Retail Revolving Credit' does not include 'borrower-lender-supplier agreements' for 'running-account credit' to finance the acquisition of services only (instead it captures goods, or goods and services). Running-account credit captures both goods only and services only.

Meaning of 'extinguish' (Performance Data Ref 32A, 39A, 74A, 78A, 79A, 80A, 106A, 110A, 111A, 112A, 132A, 135A, 136A, and 137A)

- 3.7** We propose to amend the references to the term 'extinguish' to remove any ambiguity as the term can also be used in relation to regular repayments.

Scope of default notices (Sales Data Ref 10A, Back-book Data Ref 4A, Performance Data Ref 16A)

- 3.8** We propose to make minor amendments to the wording to cover the different scenarios where a default notice is sent.

Scope of agreement cancellation (Performance Data Ref 4A and 5A)

- 3.9** We recognise that some agreements include terms which allow borrowers to cancel/withdraw from an agreement for a longer period of time than is required by the Consumer Credit Act (CCA) or the Consumer Credit sourcebook (CONC). We propose to expand the scope of the option 'the agreement was cancelled' to include when a borrower exercised these additional **cancellation or withdrawal rights that were voluntarily provided by the firm.**

Non-sterling running-account credit fees (Sales Data Ref 118A, 119A)

- 3.10** We propose to add a clarification that firms should report the non-sterling fees in relation to drawdowns for purchases only.

Not employed status - in education (Sales Data Ref 66H, 89A)

- 3.11** We propose to expand the 'education' related option to include those in part-time education. The new option B would instead be called 'In education' and would capture borrowers in both full-time or part-time education.

Financial dependants (Sales Data Ref 71A, 92A)

- 3.12** We propose to add a clarification on how to report the number of financial dependants.

Charges not applied (Performance Data Ref 59A, 60A, 90A, 91A, 124A, 125A)

- 3.13** We propose to clarify that interest fees and charges that had already been applied before or during the accounting period, and were then subsequently removed during the accounting period, will not be within scope of the questions.

Financial promotions (Sales Data Ref 15A-20A in relation to financial promotions)

- 3.14** Only 15A includes the clarifying notes about which 'financial promotions' should be considered. We propose to bring this clarification into the 'Sales details data elements' section header under 'Sales Data'. This is because the clarifying notes apply to 15A-20A and not just 15A.

Data element consistency check

- 3.15** There are a number of data elements which cover related information across the consumer finance PSD collections. A review of these data elements has identified several minor discrepancies in the wording used. None of these affect the meaning of the data elements but we are proposing to align the wording.

Data element to be amended		Data element(s) to be aligned to	
Data report	Reference	Data report	Reference
Sales	107A*	Back-book	33A
Performance	6A	Sales	9A
Performance	8A	Sales	65A
Performance	9B	Sales	66C
Performance	9C	Sales	66D
Performance	10A	Sales	78A
Performance	13A	Sales	84A
Performance	14A	Sales	85A
Performance	21A	Sales	37A
Back-book	3A	Sales	9A
Back-book	5A	Sales	31A
Back-book	8A	Sales	37A
Back-book	13A	Sales	48A
Back-book	16A	Sales	51A
Back-book	17A	Sales	53A
Back-book	18A	Sales	56A
Back-book	19A	Sales	57A
Back-book	20A	Sales	11A
Back-book	24A	Sales	63A
Back-book	26A	Sales	65A
Back-book	27A	Sales	66A
Back-book	28A	Sales	78A

Data element to be amended		Data element(s) to be aligned to	
Back-book	30A	Sales	82A
Back-book	32A	Sales	99A
Back-book	33A*	Sales	107A
Back-book	34A	Sales	103A

*We have proposed amendments to both of these data elements to align with each other.

3.16 We are also proposing to make some minor changes to more align the wording or formatting of the following data elements:

- Sales Data Ref 49A: We propose to replace the reference to 'in the borrower-lender-supplier agreement' with 'under the borrower-lender-supplier agreement'.
- Back-book Data Ref 14A: We propose to replace the reference to 'in the borrower-lender-supplier agreement' with 'under the borrower-lender-supplier agreement'.
- Sales Data Ref 128A: We propose to clarify that this should be reported as 0.00, when unknown.
- Sales Data Ref 12A, 15A, 37A: We propose to use equals rather than colons in the code column.
- Performance Data Ref 73A: We propose to add a missing bullet point.
- Performance Data paragraph (e): We propose to italicise and link 'high-cost short-term credit' and 'home credit loan agreements' to its Glossary definitions.

Other

- General Reporting Fields Transaction reference: We propose to amend the Data Reporting Field for Transaction reference to include 'regulated mortgage contracts and relevant regulated credit agreements only' and remove the duplication of 'regulated credit agreement'.
- Sales Data Ref 11A: We propose to correct some missing text to clarify that this 'data element' should reflect the brand name used in relation to the 'regulated credit agreement' when the 'regulated credit agreement' was executed.
- Sales Data Ref 14A: We propose to amend the notes to account for the products which are only available to members of a mutual society.
- Performance Data Ref 77A: We propose to clarify that the chargebacks do not have to be related to section 75 of the CCA.
- Back-book Data Ref 12A: We propose to amend and align with Sales Data Ref 47A including the addition of option 'C: Supplier was the reporting firm'.

Question 3.1: Do you agree with our proposed amendments to SUP 16.11 and SUP 16 Annex 20G (Products covered by the reporting requirement in SUP 16.11)?

Question 3.2: Do you agree with our proposed amendments to SUP 16 Annex 21R (Reporting Fields)?

Rule Review Framework

- 3.17** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed, we are satisfied that no additional key metrics are required.

Cost benefit analysis

- 3.18** Section 138I(2)(a) of FSMA requires us to publish a cost benefit analysis (CBA) when proposing draft rules. Section 138L(3) of FSMA provides that section 138I(2)(a) does not apply where we consider that there will be no increase in costs or that any increase will be of minimal significance. Having assessed the individual changes proposed in this chapter, we believe that the proposals in this chapter are not likely to result in cost increases or that any increases will be of minimal significance. Therefore, we believe that no CBA is required for the proposals in this chapter.

Impact on mutual societies

- 3.19** The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies. The extent to which our proposed rules will have an impact on mutual societies will depend on which credit-related regulated activities they carry on (if any).

Compatibility statement

- 3.20** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives, and has regard to the regulatory principles in section 3B of FSMA and for the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the FCA's secondary international competitiveness and growth objective and the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 3.21** We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. Our proposals are unlikely to have a significant impact on the wider UK economy but by clarifying the requirements through the amendments outlined above, it will contribute to helping us operate more efficiently. By clarifying the requirements through the amendments outlined above, this helps us meet our strategic objective of ensuring that the relevant markets function well, for example, as firms can better understand and meet our reporting requirements which in turn will allow us to effectively monitor compliance with regulatory requirements and identify risks in the retail lending market.
- 3.22** These clarifications also advance our operational objectives. They support us to protect and enhance market integrity by allowing us to make quicker and more effective decisions ensuring the market is functioning well while also promoting competition. The

clarifications will also contribute to increased consumer protection from reliable and consistent data collection as we are better enabled to monitor the market.

- 3.23** We are making these amendments in a way that is transparent, accountable, proportionate, consistent and targeted. This complies with our obligations under the Legislative and Regulatory Reform Act 2006 including the framework under the Regulators' Compliance Code.
- 3.24** The development of the content set out in this Quarterly Consultation Paper was started and completed before 15 November 2024, before HMT issued a new set of recommendations about aspects of the Government's policy to which the FCA should have regard in a remit letter under section 1JA FSMA 2000. The FCA acknowledges the new remit letter, and our initial view is that the intended effects of the proposal are in line with the new recommendations.

Equality and diversity

- 3.25** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 3.26** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 4

Amendments to rules on travel insurance signposting for consumers with pre-existing medical conditions

Introduction

- 4.1** In February 2020, we published Policy Statement (PS) 20/3, introducing rules around travel insurance signposting for consumers with pre-existing medical conditions (PEMCs). The rules require travel insurance firms to signpost customers to a directory of specialist providers in certain circumstances, including where the firm offers a policy with a medical condition premium of £100 or more. There are 2 directories that meet our criteria, which list specialist travel insurance firms that are able to provide cover for consumers with more serious PEMCs. The directories are hosted by the Money and Pensions Service (MaPS) and the British Insurance Brokers' Association (BIBA).
- 4.2** In April 2024, we published our post-implementation review showing the positive impact of our travel insurance signposting rules. We also set out our expectation to consult in 2024 on updating the £100 medical condition premium signposting trigger to reflect increases in risk prices, medical costs and claims.
- 4.3** The review also found that, while in most cases the directories included a single entry per firm, there were instances where individual firms had more than one brand listed on a directory. We consider this does not significantly improve consumer choice and creates an additional burden on the directories.
- 4.4** The amendments proposed will affect all firms that offer retail travel insurance, including insurers, Lloyd's managing agents, intermediaries and appointed representatives. This includes Gibraltar-based firms to which the travel insurance rules apply.

Summary of proposals

- 4.5** We have reviewed the current medical condition premium trigger and are proposing to increase it to reflect the rise in inflation and the increase in risk prices, medical costs and claims. We are also proposing to increase the trigger every 5 years in line with changes in the Consumer Prices Index (CPI). As part of our proposal, we intend for firms to have the option to either use the increased trigger, or to set a lower amount to signpost customers to the directories.

Increasing and future-proofing the medical condition premium trigger

- 4.6** We propose to increase the medical condition premium trigger (in ICOBS 6A.4.6R(4)) from £100 to £175, so that firms will be required to signpost consumers with a medical condition premium of £175 or more to a specialist directory. We consider this to be

broadly reflective of the cost and premium increases since the introduction of the rules. Association of British Insurers (ABI) travel data showed that travel insurance premiums increased by around 31%, and medical expenses increased by around 29%, between 2019 and 2023, whereas data collected as part of our review showed costs and premiums rose by 40% to 55% between 2019 and 2023. Therefore, increasing the threshold will ensure it continues to target consumers who are most likely to benefit from signposting.

- 4.7** Furthermore, keeping the medical condition premium as an absolute £ amount rather than moving to a trigger more closely matched to medical condition severity will help minimise costs to firms of making changes. We intend to periodically increase the medical condition premium trigger to ensure it remains broadly in line with cost increases.
- 4.8** The other circumstances requiring firms to signpost customers to the directories, including when consumers are declined cover or offered a policy with a medical condition exclusion remain unchanged. Because consumers also reach the directories via other routes (such as Google searches), we consider that the proposed changes would not negatively impact consumer access to the directories.

Question 4.1: Do you agree with our proposal to increase the medical condition premium trigger to £175 to reflect increases in risk prices, medical costs and claims?

- 4.9** As we stated in the post-implementation review, we do not consider that customers with milder conditions being signposted causes significant harm. For this reason, we propose a new rule which allows firms to choose to set a lower medical condition premium trigger than the new proposed £175. For example, firms could continue to signpost consumers using a medical condition premium of £100. This would ensure that customers with more serious PEMCs continue to benefit from our rules, while firms would be able to mitigate costs and set a medical condition premium trigger tailored to their business.

Question 4.2: Do you agree with our proposal to give firms the option to set a lower threshold for signposting consumers?

- 4.10** We also propose to futureproof the medical condition premium trigger, to reflect changes in costs and prices. We propose to:
- link the trigger to the CPI as published on the Office for National Statistics website.
 - allow firms to adjust the medical condition premium trigger every 5 years based on changes in CPI, by applying the ratio difference in CPI between January 2025 and January of that year, rounding down to the nearest whole number.
 - introduce a formula firms must use to calculate the adjusted medical condition premium trigger.
- 4.11** We propose to use CPI rather than other indices, such as the "Consumer Prices Index including owner occupiers' housing costs" (CPIH) or the "Retail Price Index" (RPI), as it remains the measure of inflation targeted by the Bank of England. We recognise

that the change in CPI will not exactly mirror the 5-yearly changes in travel insurance premiums and medical expenses, however linking the medical condition premium to the CPI will ensure it is adjusted over time in line with inflation, which indirectly impact travel insurance premiums and medical expenses.

- 4.12** An example of how inflation-based adjustments would affect the £175 proposed trigger would be if the CPI for January 2025 is 135.0 and the CPI for January 2030 was 150.0, then the medical condition would increase to £194.00. This is calculated as $175 \times (150/135)$.

Question 4.3: Do you have any comments on our proposal to adjust the medical condition premium every 5 years based on the ratio difference in the CPI?

Limiting directory entries to a single brand per firm

- 4.13** We propose to limit the listing to a single entry per firm, which will mean that firms cannot be listed under multiple brand names, by amending the Glossary definition of the 'medical cover firm directory'. We consider that firms listing multiple brands leads to a 'gaming' risk with firms seeking to reach a higher number of customers signposted to them by having multiple brands listed.
- 4.14** There are 33 firms on the directories, therefore while different brands may offer different choice, we consider that the inclusion of multiple brands does not materially improve consumer choice. Furthermore, introducing the limit will reduce burden on the directories themselves and ensure the listings provide genuine choice for the consumers.

Question 4.4: Do you agree with our proposal to limit directory entries to one per firm?

Rule Review Framework

- 4.15** The FCA's Rule Review Framework states that, while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 4.16** Section 138I of FSMA requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results unless we consider the proposal will not give rise to any cost or that the increase in costs will be of minimal significance.
- 4.17** We believe that the proposals in this chapter will result in minimal cost increases as the medical condition premium trigger will only be adjusted every 5 years and firms can choose to keep it at a lower level, which would result in no additional costs for the

firm. Furthermore, proposing to keep the medical condition premium as an absolute £ amount rather than moving to a trigger more closely linked to the medical condition will contribute to keeping costs for firms low. While firms will incur familiarisation and legal review costs in relation to the proposed rules, we expect these to be minimal, given the minor nature of our proposed changes. We do not consider it to be reasonably practicable or proportionate to gather further information from firms to quantify the costs they would incur.

- 4.18** While consumers with a medical condition premium of less than £175 would no longer necessarily be signposted to the directories, our proposal would not significantly affect consumers expected to benefit from the rules on travel signposting (ie, consumers with more serious PEMCs).

Impact on mutual societies

- 4.19** Section 138K(2) of FSMA requires the FCA to provide an opinion on whether proposed rules will have an impact on mutual societies which is significantly different from the impact on other authorised persons.
- 4.20** We are satisfied that the proposed amendments will not impact mutual societies to a greater extent compared to other authorised persons, as they will apply to mutual societies in the same way as they apply to other authorised persons.

Compatibility statement

- 4.21** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 4.22** We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments advance our operational objectives of securing an appropriate degree of consumer protection and promoting effective competition in the interests of consumers by ensuring that the customers for whom the travel signposting rules are intended will continue to benefit from them and will be provided with genuine choice when seeking cover for their PEMCs. We are satisfied that any burdens or restrictions are proportionate to the expected benefits. We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective.
- 4.23** The proposed amendments will ensure the travel signposting rules continue to benefit customers with more serious PEMCs, while allowing customers with lower medical condition premiums or milder PEMCs to also be signposted. This will ensure the rules remain effective without negatively impacting consumer access to the directories. We expect the costs associated with the proposed changes to be low. When thinking about

how frequently the medical condition trigger should be adjusted, we considered that annual adjustments would not be proportionate, and therefore we proposed to review it every 5 years. Our proposal will enhance confidence and trust in the travel insurance market by setting the medical condition premium at a level which ensures consumers with more serious PEMCs continue to benefit from our signposting rules.

- 4.24** The development of the proposals to amend the rules on travel insurance signposting for consumers with pre-existing medical conditions set out in this Quarterly Consultation Paper was started and completed before 15 November 2024, before HMT issued a new set of recommendations about aspects of the Government's policy to which the FCA should have regard in a remit letter under section 1JA FSMA 2000. The FCA acknowledges the new remit letter, and our initial view is that the intended effects of the proposal are in line with the new recommendations. We will consider this matter further and have regard to the new remit letter when finalising and making the rules.

Equality and diversity

- 4.25** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 4.26** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 5

Disapplying the Compliance Oversight Function (SMF16) from Insurance Special Purpose Vehicles (ISPV)

Introduction

- 5.1** On 15 November 2024, the Prudential Regulatory Authority (PRA) published Consultation Paper (CP) [15/24](#) setting out its proposals to reform the UK Insurance Special Vehicles (ISPV) regulatory framework. This included proposals to reduce the number of mandatory PRA senior manager functions (SMFs) roles for UK authorised ISPVs from 3 to 1. The PRA proposed this mandatory function is an SMF1 chief executive officer with a specific definition applying to ISPVs only. We have considered whether any consequential amendments are necessary to support the PRA's proposals.
- 5.2** The FCA previously published rules in Policy Statement (PS) [18/15](#) extending the Senior Managers and Certification Regime (SM&CR) to insurers, including applying the Compliance Oversight Function (SMF16) to all ISPVs. To support the PRA's objective work to encourage the growth of the UK ISPV market, we are now consulting on disapplying the SMF16 to ISPVs. We consider this would still deliver the intended aims of the SM&CR, while being more proportionate for these firms. The only FCA function that would still apply to ISPVs would be executive director function (SMF3), should the firm have executive directors that do not meet the PRA's proposed expanded definition of chief executive officer function (SMF1).
- 5.3** Under the SM&CR, SMF16 is responsible for obligations under the regulatory system to which the FCA has responsibility. In the current model of ISPVs, we consider the need for this role to be limited. ISPVs do not have retail customers and therefore pose limited risk to the FCA's consumer protection objective.
- 5.4** We consider that ISPVs are, in practice, not of the nature, scale and complexity to warrant having a separate SMF responsible for the compliance function. Existing senior managers and directors will have oversight of the firm's compliance functions as part of their pre-existing requirements under the Duty of Responsibility and the Senior Manager Conduct Rules, in particular, Senior Managers Conduct Rule 2 (SC2) 'You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system'.
- 5.5** ISPVs will still be required to allocate the FCA prescribed responsibilities. This will ensure that a senior manager is accountable for key conduct risks. This is aligned with the PRA's proposals to simplify governance requirements while maintaining accountability.

Summary of proposals

- 5.6** Our proposals will apply to UK ISPVs, which are ISPVs with a Part 4A permission to carry on the activity of insurance risk transformation, referred to elsewhere in this chapter or more generally as 'ISPVs'. All references made to ISPVs in this chapter are equally applicable to Multiple arrangement insurance special purpose vehicles (MISPVs), unless otherwise specified.
- 5.7** We propose to amend SYSC 3.2.8R to explicitly disapply it from ISPVs.
- 5.8** For avoidance of doubt, ISPVs will still be subject to the remaining rules in SYSC 2 and SYSC 3.
- 5.9** In light of the amendment proposed to SYSC 3.2.8R, we also propose making a consequential amendment to the table at SUP 10C Annex 1 4.3R, disapplying SMF16 to ISPVs.
- 5.10** Subject to feedback from this consultation we propose that these requirements will come into force 6 months after the publication of final rules.
- 5.11** This proposal will reduce the time taken for the assessment of new ISPV applications as it will reduce the number of functions applied for in the application. In some circumstances it will reduce the number of persons who need to be approved at an ISPV, further reducing the burden on firms. This will support the PRA's objective of simplifying and accelerating the authorisation process will facilitate and promote the establishment of ISPVs in the UK. It will make it simpler for ISPV sponsors to apply for authorisation, supporting economic growth through increased transaction volumes. Furthermore, establishing a more level playing field for UK ISPVs within the international insurance-linked securities (ILS) market could help economic growth in the UK.
- 5.12** For completeness, if an ISPV currently lacks an SMF16, we would not expect it to apply for an SMF16 in between the publication of this consultation and when the rules come into force. This is consistent with the FCA's previous approach to the Approved Persons regime in ISPVs.

Question 5.1: Do you agree with our proposal to disapply SYSC 3.2.8R and the SMF16 requirements for ISPVs?

Rule Review Framework

- 5.13** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 5.14** Section 138I of FSMA requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results unless we consider the proposal will not give rise to any cost or that the increase in costs will be of minimal significance.
- 5.15** We consider these proposals are unlikely to materially change how ISPVs operate or apply for SMFs in practice. As such, we are satisfied that the proposed amendments do not increase costs to firms. The changes to the rules make the FCA's expectations and requirements clearer, which could potentially reduce administrative costs for these firms.

Impact on mutual societies

- 5.16** Section 138K(2) of FSMA requires the FCA to provide an opinion on whether proposed rules will have an impact on mutual societies which is significantly different from the impact on other authorised persons. The FCA does not expect the proposals in this chapter to have a significantly different impact on mutual societies.

Compatibility statement

- 5.17** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 5.18** We are also required to have regard to the Chancellor of the Exchequer's letter to the chief executive of the FCA of 15 November 2024, issued under section IJA of FSMA, providing recommendations on how the FCA can support the government's growth mission. These proposals will support the growth mission by streamlining regulation, thereby reducing costs for firms and promoting international competition.
- 5.19** We are satisfied that the proposed amendments are compatible with our strategic objective. Further, by streamlining the requirements on ISPVs, our proposals advance our operational objectives to enhance the integrity of the UK financial system and promote effective competition in the interests of consumers. By taking a proportionate regulatory approach, the proposed changes are consistent with the effective functioning of financial services markets. We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective as they will establish a more level playing field for UK ISPVs within the international ILS market.
- 5.20** We have also had regard to the regulatory principles in section 3B of FSMA, in particular, ensuring that we are using our resources in the most efficient and economic way, that any burdens or restrictions are proportionate to the expected benefits, the responsibilities of senior managers in relation to compliance with their requirements,

the differences in the nature and objectives of different businesses and the need to act transparently. We have also had regard to the extent to which we can contribute to the Secretary of State's compliance with the targets under section 3B(1)(c) of FSMA, and have concluded that there is no particular contribution to be made in relation to these proposals.

- 5.21** Finally, we have had regard to the importance of taking action intended to minimise financial crime and to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code. We are satisfied that our proposals are compatible with those requirements.

Equality and diversity

- 5.22** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 5.23** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 6

Amendments to update references to the UK Corporate Governance Code 2024

Introduction

- 6.1** In this chapter, we propose minor changes to the parts of the Handbook listed below:
- Senior Management Arrangements, Systems and Controls sourcebook (SYSC)
 - Code of Conduct sourcebook (COCON)
 - Statements of Principle and Code of Practice for Approved Persons sourcebook (APER)
 - Decision Procedure and Penalties manual (DEPP)
 - UK Listing Rules sourcebook (UKLR)
 - Disclosure Guidance and Transparency Rules sourcebook (DTR)
 - Glossary of definitions
- 6.2** These changes would ensure the Handbook refers to the 2024 edition of the UK Corporate Governance Code (the Code).
- 6.3** This chapter will be of interest to:
- issuers with securities admitted to our Official List or considering a listing
 - UK incorporated issuers with securities admitted to trading on a regulated market or considering admission to trading on a regulated market
 - firms advising issuers
 - firms or persons investing or dealing in UK listed securities or securities admitted to trading on a regulated market
 - firms subject to SYSC, COCON, APER and DEPP
 - auditors and other advisors assisting issuers with the preparation and publication of their annual financial reports
- 6.4** In this chapter, we set out our proposals for updating references to the Code in the Handbook to ensure our rules and guidance refer to the new edition of the Code as published by the Financial Reporting Council (FRC) in January 2024, along with associated new guidance. We also propose to add a note so that closed-ended investment funds are aware that the Code states that externally managed investment companies may wish to use the Association of Investment Companies' (AIC) Corporate Governance Code (the AIC Code) to meet their obligations under the Code.

Background

- 6.5** The FRC is responsible for promoting confidence in corporate governance and reporting, and for keeping the Code under review. In January 2024, the FRC published a new edition of the Code which applies to accounting periods beginning on or after

1 January 2025, except for Provision 29 of the new edition of the Code which FRC has said applies to accounting periods beginning on or after 1 January 2026 (in order to give companies sufficient time to implement these arrangements). The FRC has also updated guidance related to the Code to support these changes.

- 6.6** The relevant FRC documents are published on the Code pages of the FRC's website, including the new 2024 edition of the Code, the related 2023 Consultation Paper, and updated guidance to support the Code.
- 6.7** Under our UKLRs, we require annual disclosure against the Code by all companies with a listing in the commercial companies category or the closed-ended investment funds category. Companies must state how they have applied the Principles of the Code, and whether they have complied with the provisions in the Code and explain if they have not. We also reflect some of the FRC's guidance linked to the Code in relation to certain statements by directors.

Further detail on FRC changes to the Code

- 6.8** The FRC's website explains that the new edition of the Code includes a small number of changes from the 2018 Code. Full details can be found on the FRC website. The most significant changes are:
- Provision 29 now asks boards to make a declaration in relation to the effectiveness of their material internal controls.
 - A new Principle has been included to encourage companies to report on outcomes and activities.
 - A number of provisions have been removed related to Audit Committees as these provisions are now within the Audit Committees and the External Audit: Minimum Standard.
- 6.9** The FRC issues guidance and other publications to assist Boards and Board Committees in considering how to apply the Code to their particular circumstances. These publications cover:
- the Guidance on Board Effectiveness
 - the Guidance on Audit Committees
 - the Guidance on Risk Management, Internal Controls and Related Financial Business
- 6.10** The new 2024 Code guidance updates and combines these documents and is hyperlinked via the 2024 edition of the Code. The 2024 Code guidance supports the new 2024 Code.
- 6.11** We intend to bring Handbook references to the Code up to date so they align with the 2024 edition of the Code. We also propose changes to reflect FRC's clarification that Code guidance 'does not set out the "right way" to apply the Code', and 'is intended to stimulate thinking on how boards can carry out their role most effectively; there is not a single way to apply the Principles and comply with the provisions'.

Summary of proposals

Definition of the Code

- 6.12** We are proposing to update the definition of the Code in the Glossary to refer to the edition published by the FRC in January 2024. The existing Handbook provisions in SYSC, COCON, APER, DEPP, UKLR and DTR reference the Code and will therefore automatically update to refer to this edition.
- 6.13** In doing so, UKLR 6.6.6R(3), UKLR 6.6.20R, and UKLR 11.7.7R, which refer to specific provisions of the Code, would be updated and refer to the corresponding provisions in the new edition of the Code.

Question 6.1: Do you agree with our proposal to update the definition of the Code in the Glossary? If not, please explain why.

Provision 29 of the new edition of the Code

- 6.14** UKLR 6.6.20R refers to Provision 29. Notwithstanding the changes to Provision 29, which would involve an issuer's Board providing in the annual report a declaration of effectiveness of the material controls as at the balance sheet date, issuers should not assume that satisfying this provision equates to compliance with other FCA UKLR and DTR requirements. For example, under UKLR 2.2.1R Listing Principle 1, a listed company must still take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations.

Updating references to the Code guidance in UKLR

- 6.15** UKLR 6.6.6R(3) requires a listed company in the commercial companies category and the closed-ended investment funds category (via UKLR 11.4.1R) to include in their annual financial report a statement by the directors on:
- the appropriateness of adopting the going concern basis of accounting (containing the information set out in Provision 30 of the Code); and
 - their assessment of the prospects of the company (containing the information set out in Provision 31 of the Code).
- 6.16** The statement must be prepared in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published by the FRC in September 2014.
- 6.17** In response to FRC's new 2024 Code guidance and statement that the Code guidance is not intended to be prescriptive, we propose to remove the reference to preparing the statement in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' in UKLR 6.6.6R(3).
- 6.18** However, we propose to add a note to highlight that the FRC publishes guidance on the Code on its website. This seeks to ensure that issuers are made aware of the FRC guidance within the context of the UKLRs and consider it in their individual circumstances.

Question 6.2: Do you agree with our proposed approach to amend the UKLRs to align more closely with the FRC's approach to their guidance on the Code? If not, please explain why.

Clarification for closed-ended investment funds

- 6.19** We observe closed-ended investment funds disclosing against either the current Code or the current AIC Code. The AIC Code, as endorsed by FRC, differs from the Code in places as some elements of the Code may not be relevant to investment funds due to their different organisational structures. The AIC issued a new edition of the AIC Code (2024), in August 2024, which includes further variances from the new edition of the Code. The AIC Code comes into force on 1 January 2025 and has also been endorsed by the FRC.
- 6.20** Our rules do not set out how the AIC Code differs from the Code and we do not propose to change this general approach. But our rules do currently provide for different reporting by closed-ended investment funds that have no executive directors, by allowing them to not include certain details about remuneration (Principles P, Q and R and Provisions 32 to 41 of the Code), except in relation to non-executive directors (UKLR 11.7.7R).
- 6.21** However, to recognise that differences exist between the Code and the AIC Code (under the previous and new editions of both), we are proposing to introduce a new note in the Handbook to acknowledge the FRC's statement in the Code that 'Externally managed investment companies (which typically have a different board and company structure that may affect the relevance of particular Principles) may wish to use the Association of Investment Companies' Corporate Governance Code to meet their obligations under the Code'. This is intended to clarify the flexibility that exists currently and that will continue for closed-ended investment companies.

Question 6.3: Do you agree with the proposed note in UKLR 11 referring to FRC's statement about the possible use of the AIC's Corporate Governance Code to meet a closed-ended investment fund's obligations under the Code? If additional clarification of our expectations of closed-ended investment funds is considered to be needed, please explain why.

Updating references to the Code guidance in DTR

- 6.22** DTR 7 (Corporate governance) applies to certain issuers admitted to trading on a regulated market. It includes DTR 7.1.1R to DTR 7.1.3R and DTR 7.1.5R which impose requirements on an issuer regarding audit committees and their functions. It also includes DTR 7.2.7R, which requires an issuer's corporate governance statement to contain a description of the composition and operation of the issuer's administrative, management and supervisory bodies and their committees.
- 6.23** DTR 7.1.7G and DTR 7.2.8G both cross-refer to the Code guidance in paragraph 63 of the 'Guidance on Board Effectiveness' published by the FRC in July 2018. DTR 7.1.7G

provides that compliance with certain specified provisions of the Code and the Code guidance mentioned above will result in compliance with DTR 7.1.1R to DTR 7.1.3R and DTR 7.1.5R (subject to an exception in relation to DTR 7.1.5R). DTR 7.2.8G provides that the information specified in certain provisions of the Code and the Code guidance mentioned above will satisfy the requirements of DTR 7.2.7R (subject to an exception in relation to the description of the composition of the bodies and their committees).

- 6.24** In response to FRC's new 2024 Code guidance and a statement that it is not intended to be prescriptive, we propose to delete the reference to paragraph 63 of the 'Guidance on Board Effectiveness' in both DTR 7.1.7G and DTR 7.2.8G.
- 6.25** As with our proposals to update the UKLRs, we propose to add a note to highlight that the FRC publishes guidance on the Code on its website. This seeks to ensure that issuers are made aware of the FRC guidance within the context of the DTRs and consider it in their individual circumstances.
- 6.26** This proposed change in our approach recognises that the Code guidance is a supportive tool and there is no single way to apply the Principles and comply with the provisions.

Question 6.4: Do you agree with our proposal to amend DTR 7.1.7G and DTR 7.2.8G to remove the references to paragraph 63 of the 'Guidance on Board Effectiveness'? If not, please explain why.

Implementation and proposed transitional provisions for UKLR and DTR

- 6.27** Subject to feedback to this consultation and FCA Board approval, we will seek to make the proposed changes to our Handbook as soon as possible and to implement the changes from the day after the final rules are made. We do not anticipate the need for a transition period ie, any gap between making the final rules and them coming into force, as we expect companies subject to the Code will already be familiar with the changes to the Code, as a result of FRC's consultation process, and be making the necessary changes to amend their governance arrangements, as needed.
- 6.28** The FRC has said that the 2024 Code applies to accounting periods beginning on or after 1 January 2025 with the exception of Provision 29, which is applicable for accounting periods beginning on or after 1 January 2026. To facilitate the application of the 2024 Code and to ensure that companies and other relevant stakeholders are clear about which edition of the Code is relevant to a specific provision of the UKLR or the DTR, we are proposing to introduce transitional provisions for UKLR and DTR.
- 6.29** In relation to the UKLR, we are proposing that where a company listed in the commercial companies category or the closed-ended funds category has an accounting period:
- beginning before 1 January 2025, it must apply the 2018 Code.
 - beginning on or after our proposed changes come into effect, it must apply the 2024 Code.

- beginning on or after 1 January 2025, but before our proposed changes come into effect, it can apply the 2024 Code (with the exception of Provision 29, where the Provision 29 of the 2018 Code would continue to be applicable). Or, it could continue to apply the 2018 Code.
- beginning on or after our proposed changes come into effect but before 1 January 2026, it can continue to report against Provision 29 of the 2018 Code.

6.30 We also propose to include guidance so that where a company chooses not to apply the 2024 Code, we would expect it to disclose this fact in the relevant statement contained in their annual report.

6.31 In relation to the DTR, we are proposing transitional provisions so that for issuers with an accounting period beginning before 1 January 2025, references to the Code are to the 2018 Code. For issuers with an accounting period beginning on or after 1 January 2025, but before our Handbook changes come onto effect, references to the Code may be read as either the 2018 Code or the 2024 Code. For issuers with an accounting period beginning on or after the date our Handbook changes come onto effect, references to the Code are to the 2024 Code.

Question 6.5: Do you agree with our proposed transitional provisions in UKLR and DTR? If not, please explain why.

Updating references to the Code guidance in SYSC, COCON, APER and DEPP

6.32 APER applies to FCA approved persons, and COCON applies to a wider range of persons working in authorised firms.

6.33 In our authorisation and supervisory roles, we take into account how firms have applied the Code's provisions. In particular, APER 3.1.9G and COCON 3.1.7G cross-refer to 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published by the FRC in September 2014. In order to be consistent with the UKLR approach to referring to Code guidance, we propose to remove the cross references to the Code guidance in APER 3.1.9G and COCON 3.1.7G, and replace with a note to highlight that the FRC publishes guidance on the 2024 Code on its website.

6.34 Similarly, SYSC 3.1.3G and DEPP 6.2.9-EG refer to the Code guidance, but they do not reference specific Code guidance as in the case of APER and COCON. To be consistent with our proposals to remove references to Code guidance, we proposed to remove the reference to 'related guidance' in both SYSC 3.1.3G and Depp 6.2.9-EG.

Question 6.6: Do you agree with our proposed amendments to APER, COCON, SYSC and DEPP in relation to the Code guidance? If not, please explain why.

Rule Review Framework

6.35 The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the

new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 6.36** When proposing changes to our Handbook, we are obliged under section 138I of Financial Services and Markets Act 2000 (FSMA) to publish a cost benefit analysis (CBA), unless we consider that the proposals will not give rise to any increase in costs, or the increase in costs will be of minimal significance. For the reasons set out below, we do not foresee a significant impact on issuers as a result of the proposed revisions to our Handbook and consider that any costs arising from our proposals will be of minimal significance. As a result, a detailed CBA has not been prepared.
- 6.37** Our proposals are designed to ensure that our Handbook references to the UK Corporate Governance Code align with the 2024 edition of the Code, rather than the 2018 edition of the Code. In addition, our proposals seek to reflect the revised approach to Code guidance, also published by FRC in January 2024.
- 6.38** In making these proposed changes we would be simply aligning with current standards as reflected in the Code, and avoiding any confusion for issuers and their investors that could otherwise arise.
- 6.39** The changes to the Code were subject to consultation by the FRC, supported by stakeholder engagement events. FRC's feedback statement explains that FRC made changes to their proposals to address feedback about the risk of increasing what some stakeholders considered to be unnecessary regulatory burden.
- 6.40** The introduction to the Code summarises the changes to the Code, and includes the following points:
- The 2024 revision of the Code is a limited revision, which in particular addresses the important issue of internal controls.
 - The 2024 Code includes a Principle which sets out the expectation that companies should, when reporting on their governance activity, focus on activities and outcomes to demonstrate the impact of governance practices. To help companies to streamline and focus reporting on the Code, avoiding unduly long explanations of policy.
 - Non-prescriptive Code guidance is available to support companies and to assist them when considering the application of the Principles and complying with or explaining against the provisions.
- 6.41** Given the FRC consultation process, we expect that issuers who already adopt and report against the Code will already be familiar with the changes to the Code and be assessing how their governance practices enable them to achieve the Principles in the 2024 Code and the extent to which they comply or depart from the Code provisions. Given this and the limited nature of the changes to the Code, we consider any changes to our rules to align with the Code would be minimal.

- 6.42** Section 138IA FSMA requires the FCA to consult the CBA panel about the preparation of a CBA. We have not consulted the CBA panel as our proposals fall under the materiality threshold in the CBA statement of policy.

Impact on mutual societies

- 6.43** Section 138K of FSMA requires us to state whether, in our opinion, our proposed rules have a significantly different impact on authorised persons who are mutual societies, compared to other authorised persons.
- 6.44** We do not expect the proposals in this chapter to have a significantly different impact on mutual societies.

Compatibility statement

- 6.45** When consulting on new rules, we are required by section 138I(2) of FSMA to explain why we believe that making the proposed rules is consistent with our strategic objective, advances one or more of our operational objectives and (so far as reasonably possible) the secondary international competitiveness and growth objective. Further, we must have regard to the regulatory principles in section 3B of FSMA and the importance of taking action intended to minimise financial crime (section 1B(5)(b) of FSMA). We are also required to have regard to the principles in the Legislative and Regulatory Reform Act 2006 and the Regulators' Compliance Code.
- 6.46** We are satisfied that the proposed minor amendments are compatible with our objectives and regulatory principles. The amendments primarily advance our operational objectives of protecting the integrity of the UK financial system and promoting effective competition in the interests of consumers. We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective.
- 6.47** The proposed changes, which adopt a proportionate regulatory approach, would ensure our Handbook continues to align with current standards for corporate governance practices as reflected in the Code. In doing so, for example, we would incentivise issuers to meet these standards by maintaining our approach of issuer transparency of governance structures and processes to enable investors to assess and price in any risks or value they perceive in certain corporate structures.
- 6.48** The development of the proposals to update references to the UK Corporate Governance Code in the FCA Handbook to refer to the new edition of the Code was started and completed before HMT issued (on 15 November 2024) a new set of recommendations about aspects of the Government's policy to which the FCA should have regard, in a 'remit letter' under section 1JA FSMA 2000. The FCA acknowledges the new remit letter, and our initial view is that the intended effects of the proposals are in line with the new recommendations. However, we will consider this matter further and have regard to the new remit letter when finalising and making the rules.

Equality and diversity

- 6.49** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 6.50** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Chapter 7

Proposals for debt management firms to submit a CASS audit

Introduction

- 7.1** The Client Assets sourcebook (CASS) provides detailed rules for a firm to follow when it holds client money and/or custody assets as part of its business.
- 7.2** These rules are aimed at ensuring the firm takes appropriate measures to protect client assets and allows for client assets to be returned as quickly and as whole as possible to clients if the firm enters an insolvency process.
- 7.3** While we cannot stop firms from failing, we seek to ensure that when they do fail, they can wind down in an orderly manner or enter insolvency in a way that minimises harm to consumers and the market.
- 7.4** One of the key components of the CASS framework is an external audit. Firms are required to appoint an auditor if they hold client money or custody assets. CASS audits facilitate oversight and assurance of firms' controls, which provide a firm with independent assurance about its systems and controls to always protect client assets, enabling it to identify and mitigate issues. This helps to protect consumers as a result.
- 7.5** The audit report is also an important regulatory tool for us, as it helps us assess whether firms have implemented adequate systems and controls to safeguard client assets. The rules related to audit requirements can be found in Supervision manual (SUP) 3 of the FCA Handbook. Auditors' duties to report on client assets are contained in SUP 3.10.
- 7.6** The FCA took over the regulation of DMFs from the Office of Fair Trading (OFT) in 2013/14. We published a Consultation Paper (CP) in October 2013 ([CP13/10](#)), in which we set out our policy aim that CASS audit requirements would apply to all DMFs holding client money. No changes were made to this policy position when the rules were finalised in [PS14/3](#).
- 7.7** We have become aware that under the current rules, certain debt management firms (DMFs) holding client money, which do not have an auditor appointed under a statutory provision other than under Financial Services Market Act 2000 (FSMA), are not specifically required to appoint a CASS auditor and therefore submit CASS audits. This does not align with our policy intention at the time of drafting.
- 7.8** The proposed rule change would be to amend the reference in SUP 3.1.2R (see Table (5B)) from 'SUP 3.1' to 'SUP 3.1-SUP 3.7' (Sections applicable to the firm). We are not seeking to change policy, rather proposing a rule change to align with intended policy.

- 7.9** SUP 3.1.2R applies SUP 3.2 and SUP 3.8 to auditors of every category of firm except DMFs. We are proposing to include applying SUP 3.2 and SUP 3.8 to DMF auditors. These provisions would strengthen our rules as they provide clear requirements for auditors and further guidance on matters including how to engage with us.

Summary of proposals

- 7.10** The proposed rule changes to SUP 3.1.2R(5B):
- amend the reference in column 2 (Sections applicable to the firm) from 'SUP 3.1' to 'SUP 3.1 - SUP 3.7'
 - disapply SUP 3.10 in column 2 (Sections applicable to the firm)
 - apply SUP 3.2 and SUP 3.8 in column 3 (Sections applicable to its auditor)
- 7.11** The outcome we want to achieve is that all DMFs that hold client money are required to commission and submit a CASS audit. This will bring the rules into line with our policy aim at the time they were drafted. Through our proposed rule changes, we expect DMFs will benefit from greater clarity around their auditor obligations.
- 7.12** The CASS regime supports our statutory objectives and underpins FCA Principle 10 by requiring firms to arrange adequate protection for client assets when they are responsible for them. Protecting client assets is fundamental to the trust that consumers place in firms; it is at the heart of ensuring a well-functioning and robust market.
- 7.13** This will contribute towards the public commitment to reduce harm in firm failure as it will provide firms with independent assurance that they have necessary systems and controls in place to protect client assets through the audit requirement.

Question 7.1: Do you have any comments on our proposed amendments to SUP 3.1.2R(5B)?

Rule Review Framework

- 7.14** The FCA's Rule Review Framework states that while we will generally monitor key metrics of new rules, this is not a requirement where it would be disproportionate or where the new rule relates to a minor policy or rule change with minimal impact. Due to the nature of the changes proposed here, we are satisfied that the proposed amendments are exempt from the requirement to be monitored under the Framework.

Cost benefit analysis

- 7.15** Section 138IA of FSMA requires us to publish a cost benefit analysis (CBA) when proposing draft rules. Section 138L(3) of FSMA provides that section 138I(2)(a) does not apply where we consider that there will be no increase in costs or that any increase will be of minimal significance.

- 7.16** We are not undertaking a CBA for these proposals because we consider any incremental increase in costs to be of minimal significance. Our proposed rule changes will not require firms to undertake any additional activity beyond the costs we estimated in CP13/10.

Impact on mutual societies

- 7.17** We do not believe that the changes described in this chapter will have a different impact on mutual societies compared to other authorised persons.

Compatibility statement

- 7.18** Section 138I(2)(d) of FSMA requires us to explain why we believe our proposed rules are compatible with our strategic objective, advance one or more of our operational objectives, and have regard to the regulatory principles in section 3B of FSMA. In addition, section 138K(2) of FSMA requires us to state where the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
- 7.19** We are satisfied that the proposed amendments are compatible with our objectives and regulatory principles. The amendments advance our operational objectives of securing an appropriate degree of consumer protection. We are satisfied that any burdens or restrictions are proportionate to the expected benefits. We are also satisfied that the proposed amendments are compatible with the FCA's secondary international competitiveness and growth objective. The proposed changes, which adopt a proportionate regulatory approach, would ensure our rules are clear and will minimise risk to firms.
- 7.20** Our proposals are unlikely to have a significant impact on the wider UK economy but will contribute to improving consumer trust and engagement with financial services, while also helping to prevent customers from being financially disadvantaged as a result of improperly protected assets.
- 7.21** The development of the policy content set out in this Quarterly Consultation Paper was started and completed before 15 November 2024, before HMT issued a new set of recommendations about aspects of the Government's policy to which the FCA should have regard in a remit letter under section 1JA FSMA 2000. The FCA acknowledges the new remit letter, and our initial view is that the intended effects of the proposal are in line with the new recommendations. We will continue to consider this matter and have regard to the new remit letter when finalising and making the rules.

Equality and diversity

- 7.22** We have considered the equality and diversity issues that may arise from the proposed amendments. We have not identified any adverse impact that the proposals in this chapter would have on any of the groups with protected characteristics under the Equality Act 2010 (ie, age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment). In Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies.
- 7.23** We will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when publishing the final rules. In the meantime, we welcome comments on any equality and diversity considerations respondents believe may arise.

Annex 1

List of questions

- Question 2.1:** Q2.1: Do you agree with our proposed amendment to ESG 4.1.19R(1)(a)?
- Question 2.2:** Do you agree with our proposed amendments to ESG 4.3.1R?
- Question 2.3:** Do you agree with our proposed amendment to ESG 4.3.7R(3)?
- Question 2.4:** Do you agree with our proposed amendment to ESG 5.3.3R(6)?
- Question 2.5:** Do you agree with our proposed amendment to ESG 5.4.3R(1)?
- Question 2.6:** Do you agree with our proposed amendments to ICOBS 2.2.4AG, BCOBS 2.2.7G, MCOB 3A.2.2AG, CMCOB 3.2.2AG, FPCOB 4.2.4AG and CONC 3.3.9A?
- Question 3.1:** Do you agree with our proposed amendments to SUP 16.11 and SUP 16 Annex 20G (Products covered by the reporting requirement in SUP 16.11)?
- Question 3.2:** Do you agree with our proposed amendments to SUP 16 Annex 21R (Reporting Fields)?
- Question 4.1:** Do you agree with our proposal to increase the medical condition premium trigger to £175 to reflect increases in risk prices, medical costs and claims?
- Question 4.2:** Do you agree with our proposal to give firms the option to set a lower threshold for signposting consumers?
- Question 4.3:** Do you have any comments on our proposal to adjust the medical condition premium every 5 years based on the ratio difference in the CPI?
- Question 4.4:** Do you agree with our proposal to limit directory entries to one per firm?
- Question 5.1:** Do you agree with our proposal to disapply SYSC 3.2.8R and the SMF16 requirements for ISPVs?
- Question 6.1:** Do you agree with our proposal to update the definition of the Code in the Glossary? If not, please explain why.

- Question 6.2:** Do you agree with our proposed approach to amend the UKLRs to align more closely with the FRC's approach to their guidance on the Code? If not, please explain why.
- Question 6.3:** Do you agree with the proposed note in UKLR 11 referring to FRC's statement about the possible use of the AIC's Corporate Governance Code to meet a closed-ended investment fund's obligations under the Code? If additional clarification of our expectations of closed-ended investment funds is considered to be needed, please explain why.
- Question 6.4:** Do you agree with our proposal to amend DTR 7.1.7G and DTR 7.2.8G to remove the references to paragraph 63 of the 'Guidance on Board Effectiveness'? If not, please explain why.
- Question 6.5:** Do you agree with our proposed transitional provisions in UKLR and DTR? If not, please explain why.
- Question 6.6:** Do you agree with our proposed amendments to APER, COCON, SYSC and DEPP in relation to the Code guidance? If not, please explain why.
- Question 7.1:** Do you have any comments on our proposed amendments to SUP 3.1.2R(5B)?

Annex 2

Abbreviations used in this paper

Abbreviation	Description
ABI	Association of British Insurers
AIC	Association of Investment Companies
APER	Statements of Principle and Code of Practice for Approved Persons sourcebook
BIBA	British Insurance Brokers' Association
CASS	Client Asset sourcebook
CBA	Cost benefit analysis
CCA	Consumer Credit Act
CMCOB	Claims Management: Conduct of Business sourcebook
COBS	Conduct of Business sourcebook
COCON	Code of Conduct sourcebook
CONC	Consumer Credit sourcebook
CP	Consultation Paper
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
DEPP	Decisions Procedure and Penalties Manual
DMF	Debt management firms
DTR	Disclosure Guidance and Transparency Rules sourcebook
ESG	Environmental, Social and Governance Sourcebook
FG	Finalised Guidance

Abbreviation	Description
FPCOB	Funeral Plan: Conduct of Business sourcebook
FRC	Financial Reporting Council
FSMA	Financial Services and Markets Act 2000
ILS	Insurance-linked securities
ISPV	Insurance special purpose vehicle
KPIs	Key performance indicators
MaPS	Money and Pensions Service
MCOB	Mortgages and Home Finance: Conduct of Business sourcebook
MISPV	Multiple arrangement insurance special purpose vehicles
OFT	Office of Fair Trading
PEMC	Pre-existing medical condition
PRA	Prudential Regulation Authority
PS	Policy Statement
PSD	Product Sales Data
RPI	Retail Price Index
SDR	Sustainability Disclosure Requirements
SM&CR	Senior Managers and Certification Regime
SMF	Senior management function
SMF16	Compliance oversight function
SMR	Senior Managers Regime
SUP	Supervision manual
SYSC	Senior Management Arrangements, Systems and Controls sourcebook
The Code	UK Corporate Governance Code
UK ISPV	UK Insurance Special Purpose Vehicles.

Abbreviation	Description
UKLR	UK Listing Rules sourcebook

All our publications are available to download from www.fca.org.uk.

Request an alternative format

Please complete this [form](#) if you require this content in an alternative format.

Or call 020 7066 6087



Sign up for our **news and publications alerts**

Appendix 1

Corrections and clarificatory amendments to the Sustainability Disclosure Requirements (SDR)

SUSTAINABILITY LABELLING AND DISCLOSURE OF SUSTAINABILITY-RELATED FINANCIAL INFORMATION (AMENDMENT) INSTRUMENT 2025

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137R (Financial promotion rules);
 - (c) section 137T (General supplementary powers);
 - (d) section 139A (Power of the FCA to give guidance);
 - (e) section 247 (Trust scheme rules);
 - (f) section 248 (Scheme particulars rules);
 - (g) section 261I (Contractual scheme rules); and
 - (h) section 261J (Contractual scheme particulars rules);
 - (2) article 1(2) of the Financial Services and Markets Act 2000 (Claims Management Activity) Order 2018 (SI 2018/1253);
 - (3) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and
 - (4) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the Handbook

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

(1)	(2)
Insurance: Conduct of Business sourcebook (ICOBS)	Annex A
Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)	Annex B
Banking: Conduct of Business sourcebook (BCOBS)	Annex C
Claims Management: Conduct of Business sourcebook (CMCOB)	Annex D
Funeral Plan: Conduct of Business sourcebook (FPCOB)	Annex E

Environmental, Social and Governance sourcebook (ESG)	Annex F
Consumer Credit sourcebook (CONC)	Annex G

Citation

- E. This instrument may be cited as the Sustainability Labelling and Disclosure of Sustainability-Related Financial Information (Amendment) Instrument 2025.

By order of the Board
[*date*]

Annex A

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, underlining indicates new text.

2 **General matters**

...

2.2 **Communications to clients and financial promotions**

...

Sustainability-related claims: guidance on the clear, fair and not misleading rule

- 2.2.4A G A *firm* is reminded of its obligations under *ESG* 4.3.1R in relation to a communication or when it *communicates* or *approves* a *financial promotion* that references the *sustainability characteristics* of a product or service.

...

Annex B

Amendments to the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB)

In this Annex, underlining indicates new text.

3A Financial promotions and communications with customers

...

3A.2 The fair, clear and not misleading rules

Fair, clear and not misleading communications

...

- 3A.2.2A G A *firm* is reminded of its obligations under *ESG* 4.3.1R in relation to a communication or when it *communicates* or *approves* a *financial promotion* that references the *sustainability characteristics* of a product or service.

...

Annex C

Amendments to the Banking: Conduct of Business sourcebook (BCOBS)

In this Annex, underlining indicates new text.

2 **Communications and financial promotions**

...

2.2 **The fair, clear and not misleading rule**

...

- 2.2.7 G A *firm* is reminded of its obligations under *ESG* 4.3.1R in relation to a communication or when it *communicates* or *approves a financial promotion* that references the *sustainability characteristics* of a product or service.

Annex D

Amendments to Claims Management: Conduct of Business sourcebook (CMCOB)

In this Annex, underlining indicates new text.

3 Financial promotions, and communications with customers

...

3.2 Financial promotions and communications – general standards

The fair, clear and not misleading rule

...

- 3.2.2A G A *firm* is reminded of its obligations under *ESG 4.3.1R* in relation to a communication or when it *communicates* or *approves* a *financial promotion* that references the *sustainability characteristics* of a product or service.

...

Annex E

Amendments to the Funeral Plan: Conduct of Business sourcebook (FPCOB)

In this Annex, underlining indicates new text.

4 **Communications and financial promotions**

...

4.2 **Communications and financial promotions: the obligations**

Fair, clear and not misleading rule

...

- 4.2.4A G A *firm* is reminded of its obligations under *ESG 4.3.1R* in relation to a communication or when it *communicates* or *approves* a *financial promotion* that references the *sustainability characteristics* of a product or service.

...

Annex F

Amendments to the Environmental, Social and Governance sourcebook (ESG)

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

4 Sustainability labelling, naming and marketing

4.1 Sustainability labels

...

Distributors

...

4.1.19 R A *distributor* that *distributes recognised schemes*, including *ETFs* that are *recognised schemes*, to *retail clients* must:

...

(2) in relation to the *relevant digital medium* for the business of the *distributor*:

- (a) display the notice at *ESG 4.1.19R(1)* in a prominent place on the specific webpage or page on a mobile application or other digital medium at which the *recognised scheme* is offered; ~~or~~ and
- (b) include a hyperlink to the relevant webpage of the *FCA* website which sets out for *retail clients* further information in relation to the sustainability labelling and disclosure requirements under *ESG 4* and *ESG 5*; and

...

...

4.3 Naming and marketing

Anti-greenwashing

4.3.1 R (1) This *rule* applies to a *firm* (whether it is undertaking *sustainability in-scope business* or not) which:

- (a) ~~communicates~~ communicates with a *client* in the *United Kingdom* in relation to a product or service; or
- (b) *communicates a financial promotion* to, or *approves a financial promotion* for ~~communication~~ communication to, a

person in the United Kingdom, except where the financial promotion is:

(i) an excluded communication; or

(ii) a third party prospectus.

...

Use of sustainability-related terms in the name of a sustainability product

...

4.3.7 R A *manager* that is undertaking *sustainability in-scope business* in relation to a *sustainability product* that is a *feeder fund* must, where it intends to use the terms in *ESG 4.3.2R(2)* in the product's name, ensure that:

...

(3) the *manager* complies with the requirements of *ESG 4.3.5R(3)* where it is not using a sustainability label.

...

5 Disclosure of sustainability-related information

...

5.3 Pre-contractual disclosures

...

5.3.3 R For the purposes of *ESG 5.3.2R*, a *manager* must include the following information in the *pre-contractual disclosure* which relates to a *sustainability product*:

...

(6) details of the KPIs that the *manager* will use under *ESG 4.2.4R(3)* ~~and/or other~~ (if using a sustainability label) and any metrics a *retail client* may reasonably find useful in understanding the *manager's* investment policy and strategy for the product;

...

...

5.4 Preparation of sustainability reports

...

- 5.4.3 R A *manager* must meet the following requirements in relation to the timing and publication of Part B of a *public product-level sustainability report* and a *sustainability entity report*:
- (1) A *manager* must produce and publish Part B of a *public product-level sustainability report* annually, covering a reporting period of 12 *months*, and must publish the first report within ~~42~~ 16 *months* after the *manager* first starts to use a *sustainability label* or uses one or more of the terms listed in ESG 4.3.2R(2) in accordance with ESG 4.3.2R(1) in relation to a *sustainability product*.

...

...

Annex G

Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, underlining indicates new text.

3 Financial promotions and communications with customers

...

3.3 The clear fair and not misleading rule and general requirements

...

Guidance on clear, fair and not misleading

...

- 3.3.9A G A *firm* is reminded of its obligations under *ESG* 4.3.1R in relation to a communication or when it *communicates* or *approves* a *financial promotion* that references the *sustainability characteristics* of a product or service.

...

Appendix 2

Amendments to SUP 16: Consumer Credit - Product Sales Data Reporting

**CONSUMER CREDIT (REGULATORY REPORTING) (AMENDMENT)
INSTRUMENT 2024**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) 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 137T (General supplementary powers); and
 - (3) section 139A (Power of the FCA to give guidance).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on [*date*].

Amendments to the 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 Consumer Credit (Regulatory Reporting) (Amendment) Instrument 2024.

By order of the Board
[*date*]

Annex

Amendments to the Supervision manual (SUP)

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

16 Reporting requirements

...

16.11 Product Sales, Performance and Back-book Data Reporting

...

Reporting requirement

16.11.3 R

...

(3A) A *firm* must submit a nil return in respect of sales data reports if no relevant sales have occurred in the quarter.

(3B) A *firm* must submit a nil return in respect of performance data reports for regulated mortgage contracts if it does not own any rights of a lender under a *regulated mortgage contract*, and only carries on the *regulated activity* of *administering a regulated mortgage contract* for *firms* which are themselves obliged to submit performance data reports under SUP 16.11.1R(2).

...

...

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

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

SUP 16.11.3R, SUP 16.11.5R, ~~and SUP 16.11.5AR~~ and SUP 16.11.5BR require certain *firms* to report product sales data, back-book data and, in respect of relevant *regulated credit agreements* and *regulated mortgage contracts* other than *legacy CCA mortgage contracts*, performance data. For reporting purposes, a reportable sale applies (other than in the case of a mortgage transaction or a relevant *regulated credit agreement* transaction) where the contract has been made and the premium has been paid.

In the case of mortgage transactions, the reporting requirement applies to loans for house purchase, remortgages, internal product transfers (including those effected by a new mortgage contract and those effected as contract variations) and further advances. In the case of sales data, 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).

In the case of sales data for a relevant *regulated credit agreement*, a reportable transaction applies when the agreement is executed or when the legal ownership of the lender’s rights and duties under the agreement is assigned to the reporting *firm*.

...

Part 1 - Products

...

Table 6 – REGULATED CREDIT AGREEMENTS

Relevant <i>regulated credit agreements</i> are:
<i>All regulated credit agreements</i> other than overdrafts and <i>regulated credit agreements</i> secured on <i>land</i> (<u>except for <i>non-threshold short-term loan firms</i>, where the relevant <i>regulated credit agreements</i> are <i>high-cost short-term credit</i> and <i>home credit loan agreements</i></u>).

...

16 Annex 21R Reporting Fields

...

1 GENERAL REPORTING FIELDS

...

Data reporting field	Code (where applicable)	Notes
...		

Transaction reference (regulated credit agreements <u>mortgage</u> <u>contracts</u> and relevant regulated credit agreements only)	...	...
...		

2 SPECIFIC REPORTING FIELDS

...

(e) High-cost short-term credit and home credit loan agreements

This requirement applies only to a *non-threshold short-term loan firm*. The following data reporting fields must be completed for all ~~high-cost short-term credit~~ high-cost short-term credit and ~~home credit loan agreements~~ home credit loan agreements.

...

(f) Relevant *regulated credit agreements*

...

Reference	Data reporting field	Code (where applicable)	Notes
Origination data elements			
...			
...			
10A	Has a default notice taken effect in relation to this agreement?	Y = Yes N = No	Whether the <i>borrower(s)</i> had been issued with a default notice in relation to the <i>regulated credit agreement</i> and:

			(a) <u>if the breach was capable of remedy</u>, the <i>borrower(s)</i> had not taken the action required to remedy the breaches by the date specified in the default notice <u>(or, if no such action was required, at least 14 days had elapsed since the date of service of the notice)</u> (see section 88(1)(b) and section 88(2) of the <i>CCA</i>); or (b) <u>if the breach was not capable of remedy</u>, the <i>borrower(s)</i> had not paid the <u>sum (if any) required as compensation for the breach by the date specified in the default notice (or, if no such compensation was required, at least 14 days had elapsed since the date of service of the notice)</u> (see section 88(1)(c) and section 88(2) of the <i>CCA</i>). ...
Sales details data elements These <i>data elements</i> provide information in relation to how the <i>regulated credit agreement</i> was sold to the <i>borrower(s)</i> by the reporting <i>firm</i>, including details of any related <i>financial promotions</i>. <u>For the <i>data elements</i> relating to <i>financial promotions</i>, the reporting <i>firm</i> should consider any <i>financial promotions</i> which were in effect at the time the <i>regulated credit agreement</i> was executed, and, if relevant, the date on which a <i>person</i> effected an introduction of the <i>borrower(s)</i> to the reporting <i>firm</i> with a view to the <i>borrower(s)</i> entering into the <i>regulated credit agreement</i>. The reporting <i>firm</i> should not consider <i>excluded communications</i>. The reporting <i>firm</i> should not consider whether the <i>borrower(s)</i> were in fact invited or induced by the <i>financial promotion(s)</i>.</u>			
11A	...	...	This should reflect the brand name that was

			used in relation to the <i>regulated credit agreement</i> <u>when the regulated credit agreement</u> was executed. ...
12A	...	A: ≡ Reporting firm's group (internal/own brand) B: ≡ Third party (external/co-brand)	...
...			
14A	...	...	Enter the relevant code: A: Customers who hold a current account with the reporting firm's group The product to which the <i>regulated credit agreement</i> relates is only available to customers who hold a <i>current account</i> with the reporting <i>firm's</i> group. <u>For a reporting <i>firm</i> which is an <i>FCA</i> registered mutual society, if the product to which the <i>regulated credit agreement</i> relates is only available to a customer that is a member of the mutual society, the reporting <i>firm</i> should select this option.</u> [Note: <u>www.fca.org.uk/firms/</u>

			mutual-societies] ...
15A	...	Y1÷ ≡ Yes – representative APR can be reported Y2÷ ≡ Yes – representative APR cannot be reported Y3÷ ≡ Yes – representative APR not required N = No Z = Unknown	Whether the reporting <i>firm communicated</i>, or <i>approved</i> the content of, a <i>financial promotion</i> for the particular product to which the <i>regulated credit agreement</i> relates. The reporting firm should consider any financial promotions which were in effect at the time the regulated credit agreement was executed, and, if relevant, the date on which a person effected an introduction of the borrower(s) to the reporting firm with a view to the borrower(s) entering into the regulated credit agreement. The reporting firm should not consider excluded communications. The reporting firm should not consider whether the borrower(s) were in fact invited or induced by the financial promotion(s). ...
...			
Agreement characteristics data elements ...			

...			
37A	...	FS: $\equiv$ Fixed-sum credit RA: $\equiv$ Running-account credit	...
38A	...	A = Linked to a payment network B = Retail revolving <u>Running-account</u> credit to pay for periodic premiums or fees only C = Any other retail <u>Retail revolving</u> credit D = Money transfers only W = Other Z = Unknown	Enter the relevant code: ... B: <u>Retail revolving Running-account</u> credit to pay for periodic premiums or fees only <i>A regulated credit agreement, which meets the criteria of retail revolving credit, and which only allows the main purpose of which is to allow the borrower(s) to finance a single periodic premium premiums or fee at any one time fees.</i> <u>This should be selected even if additional drawdowns can be made as long as these drawdowns are not the main purpose of the agreement.</u> C: Any other retail <u>Retail revolving</u> credit <i>A regulated credit agreement which meets the criteria of retail revolving credit, other than a regulated credit agreement which only allows the borrower(s) to finance a single periodic premium or fee at any one time is described</i>

			by 'B: Running-account credit to pay for periodic premiums or fees only'. ...
...			
40A	With which suppliers can the retail revolving <u>running-account</u> credit be used?	...	...
41A	Regulatory status of the supplier in respect of whom the retail revolving <u>running-account</u> credit applies	...	This should reflect the regulatory status of the single <i>supplier</i> with whom the retail revolving credit <u>running-account credit</u> agreement can be used as on the date the <i>regulated credit agreement</i> was <i>executed</i>
42A	Retail revolving <u>Running-account</u> credit supplier FRN	...	The FRN of the single <i>person</i> other than the reporting <i>firm</i> for whom drawdowns for purchases can be made (the retail revolving credit <u>running-account credit</u> <i>supplier</i>) as on the date the <i>regulated credit agreement</i> was <i>executed</i> .
43A	Retail revolving <u>Running-account</u> credit supplier name	...	The name of the <i>supplier</i> in respect of the retail revolving credit <u>running-account credit</u> as on the date the <i>regulated credit agreement</i> was <i>executed</i> .
...			

49A	...	...	The name of the <i>person</i> who acted as ‘the <i>supplier</i> ’ in <u>under</u> the <i>borrower-lender-supplier agreement</i> as on the date the <i>regulated credit agreement</i> was <i>executed</i>
...			
Borrower natural person repeatable data elements ...			
Start of borrower natural person repeatable data elements			
...			
66H	...	A = Seeking work B = Full-time <u>In</u> education C = Retired D = Looking after the home or family W = Other Z = Unspecified	... Enter the relevant code: ... B: Full-time <u>In</u> education The reporting <i>firm</i> categorised the detail of the <i>borrower’s</i> status as being in full-time education. ...
End of borrower natural person repeatable data elements			
Creditworthiness assessment for borrower(s) data elements ...			
...			
71A	...	0 = No financial dependents <u>dependants</u> 1 = 1 financial dependent <u>dependant</u> 2 = 2 financial	The combined number of natural <i>persons</i> who rely on the <i>borrower(s)</i> financially, as recorded by the reporting <i>firm</i> . <u>If the reporting <i>firm</i> only records data on</u>

		dependents dependants 3 = 3 financial dependents dependants 4 = 4 financial dependents dependants 5 = 5 financial dependents dependants 6 = 6 financial dependents dependants 7 = 7 financial dependents dependants 8 = 8 financial dependents dependants 9 = 9 financial dependents dependants 10 = 10 financial dependents dependants W = More than 10 financial dependents dependants Z = Unknown	the <i>borrower(s)</i> ' <u>financial dependants</u> up to a certain number even where the <i>borrower(s)</i> ' financial <u>dependants exceed that</u> number, the reporting <i>firm</i> should report the <u>highest number it</u> records for such <i>borrower(s)</i> . For example, if a reporting <i>firm</i> only records data on up to 5 financial dependants, in circumstances where the <i>borrower(s)</i> have 5 or more financial dependants, the reporting <i>firm</i> should report this as "5: 5 financial dependants". Enter the relevant code: 0: No financial dependents dependants 1: 1 financial dependent dependant 2: 2 financial dependents dependants 3: 3 financial dependents dependants 4: 4 financial dependents dependants 5: 5 financial dependents dependants 6: 6 financial dependents dependants 7: 7 financial dependents
--	--	--	--

			<u>dependants</u> 8: 8 financial dependants <u>dependants</u> 9: 9 financial dependants <u>dependants</u> 10: 10 financial dependants <u>dependants</u> W: More than 10 financial dependants <u>dependants</u> Z: Unknown ...
...			
Security details data elements ...			
...			
89A	...	A = Seeking work B = Full-time <u>In</u> education C = Retired D = Looking after the home or family W = Other Z = Unspecified	... Enter the relevant code: ... B: Full-time <u>In</u> education The reporting <i>firm</i> categorised the detail of the guarantor's status as being in full-time education. ...
Creditworthiness assessment for guarantor data elements ...			
...			
92A	...	0 = No financial dependants <u>dependants</u> 1 = 1 financial	The number of natural <i>persons</i> who rely on the guarantor

		dependent dependant 2 = 2 financial dependents dependants 3 = 3 financial dependents dependants 4 = 4 financial dependents dependants 5 = 5 financial dependents dependants 6 = 6 financial dependents dependants 7 = 7 financial dependents dependants 8 = 8 financial dependents dependants 9 = 9 financial dependents dependants 10 = 10 financial dependents dependants W = More than 10 financial dependents dependants Z = Unknown	financially, as recorded by the reporting <i>firm</i> . <u>If the reporting <i>firm</i></u> <u>only records data on</u> <u>the guarantor's</u> <u>financial dependants</u> <u>up to a certain number</u> <u>even where the</u> <u>guarantor's financial</u> <u>dependants exceed that</u> <u>number, the reporting</u> <u><i>firm</i> should report the</u> <u>highest number it</u> <u>records for such a</u> <u>guarantor.</u> <u>For example, if a</u> <u>reporting <i>firm</i> only</u> <u>records data on up to 5</u> <u>financial dependants,</u> <u>in circumstances where</u> <u>a guarantor has 5 or</u> <u>more financial</u> <u>dependants, the</u> <u>reporting <i>firm</i> should</u> <u>report this as "5: 5</u> <u>financial dependants".</u> Enter the relevant code: 0: No financial dependents dependants 1: 1 financial dependent dependant 2: 2 financial dependents dependants 3: 3 financial dependents dependants 4: 4 financial dependents dependants 5: 5 financial dependents dependants 6: 6 financial
--	--	---	--

			<u>dependents</u> <u>dependants</u> 7: 7 financial <u>dependents</u> <u>dependants</u> 8: 8 financial <u>dependents</u> <u>dependants</u> 9: 9 financial <u>dependents</u> <u>dependants</u> 10: 10 financial <u>dependents</u> <u>dependants</u> W: More than 10 financial <u>dependents</u> <u>dependants</u> Z: Unknown ...
...			
Total charge for credit data elements ...			
...			
107A	...	...	The true cost to the <i>borrower(s)</i> of the <i>credit</i> provided, or to be provided, under the <i>regulated credit agreement</i> calculated in accordance with CONC App 1 <u>CONC App 1.2</u> .
...			
End of running-account usage rewards repeatable data elements			
118A	...	...	The percentage value for any fee charged which is calculated as a percentage of the value of a drawdown, for non-sterling drawdowns <u>which</u>

			<u>facilitate payment for goods or services.</u> ...
119A	...	...	The minimum fee value per drawdown, for any fee charged which is calculated as a percentage of the value of a drawdown, for non-sterling drawdowns <u>which facilitate payment for goods or services.</u> ...
...			
End of drawdown type repeatable data elements			
121A	...	...	The annual interest rate payable on balances for retail revolving credit <u>running-account credit</u> to pay for periodic premiums or fees. ...
...			
Repayments data elements			
...			
...			
128A	...	...	... If there is no regular <i>repayment</i> value, or the <i>repayment</i> values are unknown when the <i>regulated credit agreement</i> starts, report this as 0. <u>00</u> .
Performance data			
...			

Reference	Data reporting field	Code (where applicable)	Notes
...			
4A	...	...	Enter the relevant code: A: The agreement was cancelled The <i>borrower(s)</i> exercised a right to <u>cancel or withdraw from the regulated credit agreement</u>, including under: • withdraw from the regulated credit agreement under section 66A of the CCA; • cancel the regulated credit agreement under section 69 of the CCA; or • cancel the regulated credit agreement as described in CONC 11.1. • <u>section 66A of the CCA;</u> • <u>section 69 of the CCA;</u> • <u>the circumstances described in CONC 11.1; or</u> • <u>longer or additional cancellation rights voluntarily provided by the reporting firm.</u> ...
5A	...	...	The date on which the regulated credit agreement was recorded as the

			<u>borrower(s) exercised a right to cancel or withdraw from the regulated credit agreement, including under:</u> • withdrawn under section 66A of the CCA; • cancelled under section 69 of the CCA; or • cancelled as described in CONC 11.1. <u>• section 66A of the CCA;</u> <u>• section 69 of the CCA;</u> <u>• the circumstances described in CONC 11.1; or</u> <u>• longer or additional cancellation rights voluntarily provided by the reporting firm.</u>
Borrower details data elements ...			
6A	...	...	Enter the relevant code: B: Business For where the <i>borrower</i> entered into the <i>regulated credit agreement</i> wholly or predominantly for the purpose of business carried on, or intended to be carried on, by the <i>borrower</i>. This should include any <i>regulated credit agreement</i> for <u>under</u> which the <i>borrower</i> is

			not a natural <i>person</i>
...			
8A	...	Numeric #	The number of natural <i>persons</i> who are named as a <i>borrower</i> under the <i>regulated credit agreement</i>. This should not include natural <i>persons</i> who are not named under the <i>regulated credit agreement</i> but may <u>who</u> have access to the facility, such as additional card holders.
Borrower natural person repeatable data elements			
...			
Start of borrower natural person repeatable data elements			
...			
9B	Borrower's residential postcode status <u>address type</u> at the end of the reporting period	...	... Enter the relevant code: ... W: Other The main residence for the <i>borrower</i> is not <u>as described by</u> any of the specific options above. Z: Unknown The status of the borrower's main residence cannot be determined. <u>The main residence for the borrower is a residential address type which the reporting firm cannot determine to be one of the specific options above.</u>

9C	...	...	The full postcode or equivalent of the main residence of <u>for</u> the <i>borrower</i> as recorded by the reporting <i>firm</i> at the end of the reporting period. UK and British Forces Post Office postcodes should take the form of eg, XY45 6XX.
...			
End of borrower natural person repeatable data elements			
Security details data elements			
...			
10A	...	...	This relates to any <i>security</i> provided by the <i>borrower(s)</i> under the <i>regulated credit agreement</i>. This should not include any <i>goods</i> which have been financed by the <i>regulated credit agreement</i> as a <i>borrower-lender-supplier agreement</i>, such as <i>hire-purchase agreements</i> and <i>conditional sale agreements</i>. Enter the relevant code: ... Z: Unknown The reporting <i>firm</i> is unable to determine whether <u>a</u> <i>security</i> has been provided in relation to the <i>regulated credit agreement</i>.

...			
13A	Guarantor's residential postcode status <u>address type</u> at end of reporting period	...	The selection should reflect the main residence for the guarantor as recorded by the reporting <i>firm</i> at the end of the reporting period. Enter the relevant code: ... Z: Unknown The status of the guarantor's main residence cannot be determined. <u>The main residence for the guarantor is a residential address type which the reporting <i>firm</i> cannot determine to be one of the specific options above.</u>
14A	...	...	The full postcode or equivalent of the main residence of <u>for</u> the guarantor as recorded by the reporting <i>firm</i> at the end of the reporting period. UK and British Forces Post Office postcodes should take the form of eg, XY45 6XX.
...			
Default and enforcement data elements			
...			
16A	...	...	Whether the <i>borrower(s)</i> had been issued with a default notice in relation to the <i>regulated credit</i>

			<i>agreement</i> and: (a) <u>if the breach was capable of remedy</u>, the <i>borrower(s)</i> had not taken the action required to remedy the breaches by the date specified in the default notice <u>(or, if no such action was required, at least 14 days had elapsed since the date of service of the notice)</u> (see section 88(1)(b) <u>and section 88(2)</u> of the <i>CCA</i>); or (b) <u>if the breach was not capable of remedy</u>, the <i>borrower(s)</i> had not paid the <u>sum (if any) required as compensation for the breach</u> by the date specified in the default notice <u>(or, if no such compensation was required, at least 14 days had elapsed since the date of service of the notice)</u> (see section 88(1)(c) <u>and section 88(2)</u> of the <i>CCA</i>)). ...
...			
Agreement characteristics data elements ...			
21A	...	...	Enter the relevant code: ... RA: Running-account credit The <i>regulated credit agreement</i> includes a facility under which the <i>borrower</i>

			<i>borrower(s)</i> or another <i>person</i> is enabled to receive from time to time from the reporting <i>firm</i> or a third party <i>cash, goods</i> or services to an amount or value such that, taking into account <i>payments</i> made by or to the credit of the <i>borrower</i> <i>borrower(s)</i>, the <i>credit limit</i> (if any) is not at any time exceeded.
22A	...	A = Linked to a payment network B = Retail revolving <u>Running-account</u> credit to pay for periodic premiums or fees only C = Any other retail <u>Retail</u> revolving credit D = Money transfers only W = Other Z = Unknown	Enter the relevant code: A: Linked to a payment network <i>A regulated credit agreement</i> with a facility which allows drawdowns for transactions with any <i>person</i> in a payment network, such as <i>MasterCard</i> and <i>Visa</i>. This includes credit cards. This should include a <i>regulated credit agreement</i> which also allows additional <u>other</u> types of drawdowns. This should include a <i>regulated credit agreement</i> which has a brand associated with a particular <i>supplier(s)</i>, or promotions in relation to a specific <i>supplier(s)</i>, but the facility allows drawdowns with any <i>person</i> in a payment network. B: Retail revolving <u>Running-account</u>

			credit to pay for periodic premiums or fees only <i>A regulated credit agreement, which meets the criteria of retail revolving credit, and which only allows the main purpose of which is to allow the borrower(s) to finance a single periodic premium premiums or fee at any one time fees.</i> <u>This should be selected even if additional drawdowns can be made as long as these drawdowns are not the main purpose of the agreement.</u> C: Any other retail <u>Retail</u> revolving credit <i>A regulated credit agreement which meets the criteria of retail revolving credit, other than a regulated credit agreement which only allows the borrower(s) to finance a single periodic premium or fee at any one time is described by 'B: Running-account credit to pay for periodic premiums or fees only'.</i> ...
...			
Ceasing to report performance data elements			
...			
...			

32A	...	...	... This includes where the reporting <i>firm</i> has informed <u>agreed to release the borrower(s) that from an obligation to repay</u> an amount outstanding under the <i>regulated credit agreement</i> has been extinguished, but does not include where the reporting <i>firm</i> has only made the decision to cease to pursue the debt. ...
...			
39A	...	A = Repaid in line with schedule B = Early settlement C = Repaid fully other D = Partial settlement <u>Otherwise extinguished remaining amount outstanding</u> W = Other Z = Unknown	Enter the relevant code: ... D: Partial settlement – <u>Otherwise extinguished remaining amount outstanding</u> The <i>total amount payable</i> under the <i>regulated credit agreement</i> has not been repaid. The reporting <i>firm</i> has informed <u>agreed to release the borrower(s) that the from an obligation to repay a remaining amount</u> outstanding under the <i>regulated credit agreement</i> has been extinguished, but does not include where the reporting <i>firm</i> has only made the decision to cease to pursue the debt.

			...
...			
Start of accounting period repeatable data elements			
...			
59A	...	...	This should reflect any contractual interest, fees or charges which should have been added to the total amount outstanding during the accounting period, but <u>where</u> the reporting <i>firm</i> chose not to. This should not include any interest, fees or charges which were <u>had already been</u> added to the total amount outstanding <u>before or during the accounting period</u> and then <u>were</u> subsequently removed <u>during the accounting period</u>. ...
60A	...	...	The value of the contractual interest, fees or charges which were not applied <u>should have been added to the total amount outstanding</u> during the accounting period, but <u>where the reporting <i>firm</i> chose not to</u>.
...			
73A	...	...	The total value of all debits during the accounting period that have not been reported

			as one of: • RA DEBITS: Total value of drawdowns; ...
74A	...	...	The total value of all credits (<i>repayments</i> , chargebacks, <u>otherwise</u> extinguished balances and any other credit adjustment) during the accounting period.
...			
77A	...	...	The total value of all credits during the accounting period in relation to chargebacks or <u>in relation to</u> claims under section 75 of the <i>CCA</i> .
78A	RA CREDITS: Amounts relating to the principal <u>otherwise</u> extinguished	...	The total value of any portion of the principal for which the reporting <i>firm</i> has informed , <u>during the accounting period, agreed to release the borrower(s) that the related from an obligation to repay an amount outstanding under the regulated credit agreement has been extinguished during the accounting period.</u> ...
79A	RA CREDITS: Amounts relating to interest, fees or charges <u>otherwise</u> extinguished	...	The total value of any portion of the balance other than the principal for which the reporting <i>firm</i> has informed , <u>during the accounting period, agreed to release the borrower(s) that the related from an</u>

			obligation to repay an amount outstanding under the <i>regulated credit agreement</i> has been extinguished during the accounting period. ...
80A	...	...	The total value of all credits during the accounting period that have not been reported as one of: ... • RA CREDITS: Amounts relating to the principal <u>otherwise</u> extinguished; or • RA CREDITS: Amounts relating to interest, fees, or charges <u>otherwise</u> extinguished.
...			
Start of scheduled repayment period repeatable data elements			
...			
90A	...	...	This should reflect any contractual interest, fees or charges which should have been added to the total amount outstanding during the scheduled <i>repayment</i> period, but <u>where</u> the reporting <i>firm</i> chose not to. This should not include any interest, fees or charges which were <u>had already been</u> added to the total amount outstanding <u>before or</u>

			during the scheduled <u>repayment period</u> and then <u>were</u> subsequently removed during the scheduled <u>repayment period</u>
91A	...	...	The value of the contractual interest, fees or charges which were not applied <u>should have been added to the total amount outstanding during the scheduled repayment period, but where the reporting firm chose not to.</u>
...			
106A	...	...	The total value of all credits (<u>repayments</u> , <u>otherwise</u> extinguished balances, and any other credit adjustment) during the scheduled <u>repayment period</u> .
...			
110A	FS CREDITS: Amounts relating to the principal <u>otherwise</u> extinguished	...	The total value of any portion of the principal for which the reporting <i>firm</i> has informed , <u>during the scheduled repayment period, agreed to release the borrower(s) that the related from an obligation to repay an amount outstanding under the regulated credit agreement has been extinguished during the scheduled repayment period.</u>

			...
111A	FS CREDITS: Amounts relating to interest, fees, or charges <u>otherwise</u> extinguished	...	The total value of any portion of the balance other than the principal for which the reporting <i>firm</i> has informed , <u>during the scheduled <i>repayment</i> period, agreed to release</u> the <i>borrower(s)</i> that the related <u>from an obligation to repay an</u> amount outstanding under the <i>regulated credit agreement</i> has been extinguished during the scheduled <i>repayment</i> period. ...
112A	...	...	The total value of all credits during the scheduled <i>repayment</i> period that have not been reported as one of: ... • FS CREDITS: Amounts relating to the principal <u>otherwise</u> extinguished; or • FS CREDITS: Amounts relating to interest, fees, or charges <u>otherwise</u> extinguished.
...			
Defaulted agreements activity data elements			
...			
...			
124A	...	...	This should reflect any

			contractual interest, fees or charges which should have been added to the total amount outstanding during the reporting period, but <u>where the reporting <i>firm</i> chose not to.</u> This should not include any interest, fees or charges which were <u>had already been</u> added to the total amount outstanding before or during the <u>reporting period</u> and then <u>were</u> subsequently removed <u>during the reporting period.</u> ...
125A	...	...	The value of the contractual interest, fees or charges which were not applied <u>should have been added to the total amount outstanding</u> during the reporting period, <u>but where the reporting <i>firm</i> chose not to.</u>
...			
132A	...	...	The total value of all credits (<i>repayments</i>, <u>otherwise</u> extinguished balances, and any other credit adjustment) during the reporting period.
...			
135A	DF CREDITS: Amounts relating to the principal <u>otherwise</u>	...	The total value of any portion of the principal for which the reporting <i>firm</i> has informed,

	extinguished		during the reporting period, agreed to <u>release the borrower(s) that the related from an obligation to repay an amount outstanding under the regulated credit agreement has been extinguished during the reporting period.</u> ...
136A	DF CREDITS: Amounts relating to interest, fees, or charges <u>otherwise extinguished</u>	...	The total value of any portion of the balance other than the principal for which the reporting <i>firm</i> has informed, <u>during the reporting period, agreed to release the borrower(s) that the related from an obligation to repay an amount outstanding under the regulated credit agreement has been extinguished during the reporting period.</u> ...
137A	...	...	The total value of all credits during the reporting period that have not been reported as one of: ... • DF CREDITS: Amounts relating to the principal <u>otherwise extinguished</u>; or • DF CREDITS Amounts relating to interest, fees, or charges <u>otherwise extinguished</u>.
...			

Back-book data			
...			
Reference	Data reporting field	Code (where applicable)	Notes
...			
3A	...	...	Enter the relevant code: B: Business For where the borrower(s) <i>borrower</i> entered into the <i>regulated credit agreement</i> wholly or predominantly for the purpose of business carried on, or intended to be carried on, by the borrower(s) <i>borrower</i>. <u>This should include any regulated credit agreement under which the borrower is not a natural person.</u> ...
4A	...	...	Whether the <i>borrower(s)</i> had been issued with a default notice in relation to the <i>regulated credit agreement</i> and: (a) <u>if the breach was capable of remedy</u>, the <i>borrower(s)</i> had not taken the action required to remedy the breaches by the date specified in the default notice <u>(or, if no such action was required, at least 14 days had elapsed since the date of service of the notice)</u> (see section

			88(1)(b) and section 88(2) of the <i>CCA</i>); or (b) if the breach was not capable of remedy, the <i>borrower(s)</i> had not paid the <u>sum (if any)</u> required as compensation for the breach by the date specified in the default notice (or, if no such compensation was required, at least 14 <i>days</i> had elapsed since the date of service of the notice) (see section 88(1)(c) and section 88(2) of the <i>CCA</i>). ...
5A	...	...	Date The date on which the <i>regulated credit agreement</i> was executed.
...			
8A	...	...	Enter the relevant code: FS: Fixed-sum credit The <i>regulated credit agreement</i> includes a facility whereby the borrower <i>borrower(s)</i> is enabled to receive <i>credit</i> (whether in one amount or by instalments) but which is not <i>running-account credit</i>. RA: Running-account credit The <i>regulated credit agreement</i> includes a facility under which the borrower <i>borrower(s)</i> or another <i>person</i> is enabled to receive from time to

			time from the lender reporting <i>firm</i> or a third party <i>cash, goods</i> or services to an amount or value such that, taking into account <i>payments</i> made by or to the credit of the borrower <i>borrower(s)</i> , the <i>credit limit</i> (if any) is not at any time exceeded.
9A	...	A = Linked to a payment network B = Retail revolving <u>Running-account</u> credit to pay for periodic premiums or fees only C = Any other retail <u>Retail</u> revolving credit D = Money transfers only W = Other Z = Unknown	Enter the relevant code: A: Linked to a payment network <i>A regulated credit agreement</i> with a facility which allows drawdowns for transactions with any <i>person</i> in a payment network, such as <i>MasterCard</i> and <i>Visa</i>. This includes credit cards. This should include a <i>regulated credit agreement</i> which also allows other types of drawdowns. <u>This should include a regulated credit agreement which has a brand associated with a particular supplier(s), or promotions in relation to a specific supplier(s), but the facility allows drawdowns with any person in a payment network.</u> B: Retail revolving Running-account credit to pay for periodic premiums or

			fees only <i>A regulated credit agreement which meets the criteria of retail revolving credit, and which only allows the main purpose of which is to allow the borrower(s) to finance a single periodic premium premiums or fee at any one time fees.</i> <u>This should be selected even if additional drawdowns can be made as long as these drawdowns are not the main purpose of the agreement.</u> C: Any other retail Retail revolving credit <i>A regulated credit agreement which meets the criteria of retail revolving credit, other than a regulated credit agreement which only allows the borrower(s) to finance a single periodic premium or fee at any one time is described by 'B: Running-account credit to pay for periodic premiums or fees only'.</i> ... W: Other <i>A regulated credit agreement which is not one of any of the specific options above.</i> ...
...			

12A	...	A1 = Regulated – FRN know A2 = Regulated – FRN unknown <u>C = Supplier was the reporting firm</u> X = Not regulated Z1 = Supplier regulatory status unknown Z2 = Supplier unknown	This should reflect the regulatory status of the <i>person</i> who acted as ‘the <i>supplier</i>’ in the <i>borrower-lender-supplier agreement</i> when the <i>regulated credit agreement</i> was executed. <u>If the reporting firm is not the original lender for the regulated credit agreement, this should reflect the regulatory status of the person who acted as ‘the supplier’ under the borrower-lender-supplier agreement as on the date of the novation or when the legal ownership of the regulated credit agreement was assigned to the reporting firm.</u> Enter the relevant code: A1: Regulated – FRN known The <i>supplier</i> was an <i>authorised person</i> and/or acting as an <i>appointed representative</i>. <u>The supplier is not the reporting firm.</u> The associated FRN of the <i>supplier</i> is known. A2: Regulated – FRN unknown The <i>supplier</i> was an <i>authorised person</i> and/or acting as an <i>appointed representative</i>. <u>The supplier is not the reporting firm.</u> The
-----	-----	---	--

			associated FRN of the <i>supplier</i> is unknown. <u>C: Supplier was the reporting firm</u> <u>The <i>supplier</i> was the reporting firm.</u> ...
13A	...	...	The FRN of the <i>person</i> who acted as ‘the <i>supplier</i>’ in <u>under</u> the <i>borrower-lender-supplier agreement</i>. This should reflect the <i>supplier’s</i> regulatory status when <u>as on the date</u> the <i>regulated credit agreement</i> was executed. <u>If the reporting firm is not the original lender for the regulated credit agreement, this should reflect the FRN of the person who acted as ‘the <i>supplier</i>’ under the <i>borrower-lender-supplier agreement</i> as on the date of novation or when the legal ownership of the regulated credit agreement was assigned to the reporting firm.</u>
14A	...	...	The name of the <i>person</i> who acted as ‘the <i>supplier</i>’ in <u>under</u> the <i>borrower-lender-supplier agreement</i>. ...
...			
16A	...	...	Enter the relevant code:

			... X: None of these FCA Handbook definitions <i>A regulated credit agreement</i> which is not one of any of the specific options above <u>agreement types</u>. Z: Unknown <i>A regulated credit agreement</i> which the reporting <i>firm</i> cannot determine to be one of the specific options above <u>agreement types</u>.
17A	...	...	If more than one type of <i>goods</i> or services are financed by the <i>regulated credit agreement</i>, the reporting <i>firm</i> should select the type of <i>goods</i> or services which accounted for the greatest portion of the <i>total amount of credit</i>. The reporting <i>firm</i> should select the option which best aligns to the information, if any, it holds. The reporting <i>firm</i> is not required to collect additional information in order to be able to better determine the application of any of the specified options. Enter the relevant code: ... K: Office equipment <i>Goods with which</i> are normally found in a

			commercial office. ... O: Travel Services related <u>relating</u> to travelling or the making of travel arrangements. ...
18A	...	...	Does <u>Whether</u> the <i>hire-purchase agreement</i> include <u>includes</u> a guaranteed minimum future value of the motor vehicle which is set out as an optional additional payment <u>repayment</u> at the end of the <i>regulated credit agreement</i> , with the option for the <i>borrower(s)</i> to return the motor vehicle instead of making that payment? <u>repayment</u> .
19A	...	...	The guaranteed minimum future value of the goods <u>motor vehicle</u> which is set out as an optional additional payment <u>repayment</u> at the end of the <i>regulated credit agreement</i> , with the option for the <i>borrower(s)</i> to return the goods <u>motor vehicle</u> instead of making that payment <u>repayment</u> .
20A	Was a brand name used other than the <u>reporting</u> firm's name?	...	... If the reporting <i>firm</i> is not the original <i>lender</i> for <u>under</u> the <i>regulated credit agreement</i> , this should reflect as relevant the brand

			name used <u>by the reporting firm</u> in relation to the <i>regulated credit agreement</i> by the reporting firm when the legal ownership of the <i>regulated credit agreement</i> was assigned to the reporting firm. ...
...			
24A	Lender's <u>Reporting firm's</u> unique reference for relevant recipient of credit	...	... This unique reference must be used consistently for the same <i>borrower</i> in any performance data report reports for the <i>regulated credit agreement</i>
...			
26A	...	...	The number of natural <i>persons</i> who are named as a <i>borrower</i> in <u>under</u> the <i>regulated credit agreement</i> . This should not include natural <i>persons</i> who are not named in the <i>regulated credit agreement</i> but <u>who</u> have access to the facility, such as additional card holders.
...			
Start of borrower natural person repeatable data elements			
27A	Lender's <u>Reporting firm's</u> unique reference	...	... All attempts should be

	for natural person acting as borrower		made to use the same unique reference for the same natural <i>person</i> , across all relevant <i>regulated credit agreements</i> included in the reporting <i>firm</i> 's back-book, sales and performance data reports. This includes a unique references <u>reference</u> for any natural persons <i>person</i> who have <u>has</u> provided the guarantee or the indemnity (or both) in relation to a relevant <i>regulated credit agreement</i> .
...			
End of borrower natural person repeatable data elements			
28A	Type of security provided by borrower <u>borrower(s)</u> in relation to agreement	...	This relates to any <i>security</i> provided by the <i>borrower(s)</i> under the <i>regulated credit agreement</i>. This should not include any <i>goods</i> which have been financed by the <i>regulated credit agreement</i> as a <i>borrower-lender-supplier agreement</i>, including <u>such as</u> <i>hire-purchase agreements</i> and <i>conditional sale agreements</i>. Enter the relevant code: A: Guarantee or indemnity A <i>person</i> other than the borrower <u>borrower(s)</u> has provided a guarantee

			or an indemnity (or both) in relation to the <i>regulated credit agreement</i>. ... D: Future lump sum The <i>regulated credit agreement</i> is secured, <u>by assignment or otherwise</u>, on a future lump sum expected to be received by the <i>borrower(s)</i> such as, but not limited to, an inheritance, a pension lump sum, a claims pay-out or a settlement following litigation. ... F: Title restriction The <i>regulated credit agreement</i> is secured by a Title Restriction <u>title restriction</u> at the Land Registry. ...
...			
30A	Lender's <u>Reporting firm's</u> unique reference for natural person acting as guarantor	...	...
...			
32A	...	...	The total sums made available under the <i>regulated credit agreement</i> , when the <u>on the date the</u> <i>regulated credit agreement</i> was executed.
33A	...	...	The true cost to the borrower <u>borrower(s)</u>

			of the <i>credit</i> provided, or to be provided, under the <i>regulated credit agreement</i> calculated in accordance with <i>CONC App 1.2</i> , when <u>as on the date the regulated credit agreement was executed.</u>
34A	...	...	In relation to the regulated credit agreement, the The annual percentage rate of charge for credit <u>the regulated credit agreement determined</u> calculated in accordance with <i>CONC App 1.2</i> when <u>as on the date the regulated credit agreement was executed.</u> ...

Appendix 3

Amendments to rules on travel insurance signposting for consumers with pre-existing medical conditions

**INSURANCE: CONDUCT OF BUSINESS SOURCEBOOK (ACCESS TO
TRAVEL INSURANCE) (AMENDMENT) INSTRUMENT 2025**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions of the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules); and
 - (2) 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 on [*date*]

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Insurance: Conduct of Business sourcebook (ICOBS) is amended in accordance with Annex B to this instrument.

Notes

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

Citation

- G. This instrument may be cited as the Insurance: Conduct of Business Sourcebook (Access to Travel Insurance) (Amendment) Instrument 2025.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

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

Amend the following definition as shown.

medical cover firm a publicly available directory:
directory

...

(b) ...

(ba) that limits the listing to a single entry per *firm*, which means
that *firms* cannot be listed under multiple brand names;

...

Annex B

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

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

6A Product specific rules

...

6A.4 Travel insurance and medical conditions

...

The circumstances

6A.4.6 R The circumstances for the purposes of *ICOBS* 6A.4.5R are where a *firm*:

...

- (4) offers a *policy* with a *medical condition premium* of ~~£100 or more~~ an amount as set out in *ICOBS* 6A.4.6AR; and/or

...

6A.4.6A R (1) The *medical condition premium* amount referred to in *ICOBS* 6A.4.6R(4) is £175 or more.

- (2) A *firm* may adjust the *medical condition premium* amount of £175 in (1) at the end of every 5-year period based on the ratio difference in *CPI*. The adjusted *medical condition premium* amount must be calculated using the following formula:

(a) $\text{£}175 \times \frac{Y}{Z}$; and

- (b) rounded down to the nearest pound sterling (£).

- (3) In (2)(a):

- (a) £175 is the base figure (and it will always be this amount).

- (b) Z is, and it will always be, [the January 2025 *CPI*].

- (c) Y is the *CPI* of the ‘last January of the relevant 5-year period’.

[Note: The *CPI* is published on the Office for National Statistics website, available at: <https://www.ons.gov.uk/economy/inflationandpriceindices>]

- (4) In (2) and (3)(c):

- (a) A 5-year period starts in January and ends the January 5 years later.
- (b) The first relevant 5-year period for the purposes of the adjustment referred to in (2) is the period from January 2025 to January 2030.
- (c) The last Januarys of the relevant 5-year periods are set out in the table below:

<u>Relevant 5-year period for purposes of the calculation in (2)</u>	<u>Last January of the relevant 5-year period (Y)</u>
<u>January 2025 to January 2030</u>	<u>January 2030</u>
<u>January 2030 to January 2035</u>	<u>January 2035</u>
<u>January 2035 to January 2040</u>	<u>January 2040</u>
<u>Continued for every subsequent 5-year period.</u>	

6A.4.6B R It is not a contravention of ICOBS 6A.4.6R(4) for a firm to use a medical condition premium amount that is lower than:

- (1) the medical condition premium amount stipulated in ICOBS 6A.4.6A(1); or
- (2) the adjusted medical condition premium amount, as at the end of each relevant 5-year period, referred to in ICOBS 6A.4.6A(2).

...

Appendix 4

Disapplying the Compliance Oversight Function (SMF16) from Insurance Special Purpose Vehicles (ISPV)

COMPLIANCE OVERSIGHT FUNCTION (SMF16) AND INSURANCE SPECIAL PURPOSE VEHICLE INSTRUMENT 2025

Powers exercised

A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in or under:

- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 59 (Approval for particular arrangements);
 - (b) section 59AB(1) (Specifying functions as controlled functions: transitional provision);
 - (c) section 60 (Applications for approval);
 - (d) section 60A (Vetting candidates by authorised persons);
 - (e) section 61 (Determination of applications);
 - (f) section 62A (Changes to responsibilities of senior managers);
 - (g) section 63ZA (Variation of senior manager’s approval at request of authorised person);
 - (h) section 63ZD (Statement of policy relating to conditional approval and variation);
 - (i) section 63C (Statement of policy);
 - (j) section 63E (Certification of employees by authorised persons);
 - (k) section 63F (Issuing of certificates);
 - (l) section 64A (Rules of conduct);
 - (m) section 64C (Requirements for authorised persons to notify regulator of disciplinary action);
 - (n) section 69 (Statement of policy);
 - (o) section 137A (The FCA’s general rules);
 - (p) section 137R (Financial promotion rules);
 - (q) section 137T (General supplementary powers);
 - (r) section 138D (Action for damages);
 - (s) section 139A (Power of the FCA to give guidance);
 - (t) section 226 (Compulsory jurisdiction);
 - (u) section 395 (The FCA’s and PRA’s procedures);
 - (v) paragraph 23 (Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (w) paragraph 13 (FCA’s rules) of Schedule 17 (The Ombudsman Scheme); and
- (2) regulation 6(1) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228);
- (3) regulations 4 and 5 of the Bank of England and Financial Services Act 2016 (Commencement No. 5 and Transitional Provisions) Regulations 2018 (SI 2018/990);
- (4) article 1(2) of the Financial Services and Markets Act 2000 (Claims

Management Activity) Order 2018 (SI 2018/1253); and

- (5) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the Handbook

- D. The Senior Management Arrangements, Systems and Controls sourcebook (SYSC) is amended in accordance with Annex A to this instrument.
- E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Compliance Oversight Function (SMF16) and Insurance Special Purpose Vehicle Instrument 2025.

By order of the Board
[date]

Annex A

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

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

3 **Systems and controls**

...

3.2 **Areas covered by systems and controls**

...

The compliance function

...

3.2.8 R (1) *A firm, other than an UK ISPV, must allocate to a *director* or *senior manager* the function of:*

...

...

...

Annex B

Amendments to the Supervision manual (SUP)

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

10C FCA senior managers regime for approved persons in SMCR firms

...

10C What functions apply to what type of firm
Annex 1

...

Part Four: Functions applying to insurance sector firms

...

4.3 R Table: Controlled functions applying to insurance sector firms

(1) Brief description of function	(2) Function number	(3) Solvency II and large NDF	(4) EEA branches	(5) Overseas branches	(6) Small NDF and other	(7) ISPV
...						
Required functions						
<i>Compliance oversight function</i>	SMF 16	✓	×	✓	✓	✓ <u>×</u>
...						

...

Appendix 5

Amendments to update references to the UK Corporate Governance Code 2024

CORPORATE GOVERNANCE CODE (AMENDMENT) INSTRUMENT 2025

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) 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 73A (Part 6 Rules);
 - (2) section 89O (Corporate governance rules);
 - (3) section 96 (Obligations of issuers of listed securities);
 - (4) section 137A (The FCA’s general rules);
 - (5) section 137T (General supplementary powers); and
 - (6) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the Handbook

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

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Code of Conduct sourcebook (COCON)	Annex C
Statements of Principle and Code of Practice for Approved Persons sourcebook (APER)	Annex D
Decision Procedure and Penalties manual (DEPP)	Annex E
UK Listing Rules sourcebook (UKLR)	Annex F
Disclosure Guidance and Transparency Rules sourcebook (DTR)	Annex G

Notes

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

Citation

- F. This instrument may be cited as the Corporate Governance Code (Amendment) Instrument 2025.

By order of the Board
[*date*]

Annex A**Amendments to the Glossary of definitions**

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

Amend the following definition as shown.

<i>UK Corporate Governance Code</i>	the UK Corporate Governance Code published in July 2018 <u>January 2024</u> by the Financial Reporting Council, available at: https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code .
---	---

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

In this Annex, striking through indicates deleted text.

3 Systems and controls**3.1 Systems and controls**

...

- 3.1.3 G Where the *UK Corporate Governance Code* is relevant to a *firm*, the *appropriate regulator*, in considering whether the *firm's* obligations under *SYSC 3.1.1R* have been met, will give it due credit for following corresponding provisions in the code ~~and related guidance~~.

...

Annex C

Amendments to the Code of Conduct sourcebook (COCON)

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

3 General factors for assessing compliance

3.1 General factors for assessing compliance

...

- 3.1.7 G *UK domestic firms with a listing in the equity shares (commercial companies) category or the closed-ended investment funds category are subject to the UK Corporate Governance Code, whose internal control Provisions are explained in the publication entitled ‘Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014)’ issued by the Financial Reporting Council. Therefore, firms with a listing in these categories will be subject to that code, as well as to the rules in COCON. In forming an opinion as to whether a senior conduct rules staff member has complied with the rules in COCON, the FCA will give due credit if they followed corresponding Provisions in the UK Corporate Governance Code and related guidance.*

[Note: The Financial Reporting Council has issued guidance relating to the UK Corporate Governance Code which can be accessed on its website: www.frc.org.uk/library/standards-codes-policy/corporate-governance/corporate-governance-code-guidance/]

Annex D

Amendments to the Statements of Principle and Code of Practice for Approved Persons sourcebook (APER)

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

3 Code of Practice for Approved Persons: general

3.1 Introduction

...

- 3.1.9 G (1) An *APER employer* that has its registered office (or, if it has no registered office, its head office) in the *United Kingdom* with a *listing* in the *equity shares (commercial companies)* category or the *closed-ended investment funds* category is subject to the *UK Corporate Governance Code*, ~~whose internal control Provisions are amplified in the publication entitled ‘Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014)’ issued by the Financial Reporting Council.~~ An *APER employer* with a *listing* in these categories will be subject to that code as well as to the requirements and standards of the *regulatory system*.
- (2) Where (1) applies, in forming an opinion whether *approved persons* have complied with the requirements of the *regulatory system*, the *FCA* will give due credit for their following corresponding Provisions in the *UK Corporate Governance Code* ~~and related guidance~~.

[Note: The Financial Reporting Council has issued guidance relating to the *UK Corporate Governance Code* which can be accessed on its website: www.frc.org.uk/library/standards-codes-policy/corporate-governance/corporate-governance-code-guidance/]

...

Annex E

Amendments to the Decision Procedure and Penalties manual (DEPP)

In this Annex, striking through indicates deleted text.

6 Penalties

...

6.2 Deciding whether to take action

...

Action against an SMF manager under section 66A(5) of the Act

...

6.2.9-E G When determining under section 66A(5)(d) of the *Act* whether or not an *SMF manager* has taken such steps as a person in their position could reasonably be expected to take to avoid the contravention of a relevant requirement by the *firm* occurring (or continuing), additional considerations to which the *FCA* would expect to have regard include, but are not limited to:

...

- (7) whether the *SMF manager* acted in accordance with their statutory, common law and other legal obligations, including, but not limited to, those set out in the Companies Act 2006, the *Handbook* (including *COCON*), and, if the *firm* had a *listing* in the *equity shares (commercial companies)* or *closed-ended investment funds* category, the *UK Corporate Governance Code* ~~and related guidance~~;

...

...

Annex F

Amendments to the UK Listing Rules sourcebook (UKLR)

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

6 Equity shares (commercial companies): continuing obligations

...

6.6 Annual financial report

...

Additional information

- 6.6.6 R In the case of a *listed company* incorporated in the *United Kingdom*, the following additional items must be included in its annual financial report:

...

- (3) statements by the *directors* on:

- (a) the appropriateness of adopting the going concern basis of accounting (containing the information set out in Provision 30 of the *UK Corporate Governance Code*); and
- (b) their assessment of the prospects of the *company* (containing the information set out in Provision 31 of the *UK Corporate Governance Code*);²

~~prepared in accordance with the ‘Guidance on Risk Management, Internal Control and Related Financial and Business Reporting’ published by the Financial Reporting Council in September 2014;~~

[Note: The Financial Reporting Council has issued guidance relating to the *UK Corporate Governance Code* which can be accessed on its website: <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/corporate-governance-code-guidance/>]

...

...

11 Closed-ended investment funds: requirements for listing and continuing obligations

...

11.7 Notifications and periodic financial information

...

Statement regarding compliance with UK Corporate Governance Code

- 11.7.7 R (1) This *rule* applies to a *closed-ended investment fund* that has no executive *directors*.
- (2) A *closed-ended investment fund's* statement required by UKLR 6.6.6R(6) need not include details about Principles P, Q and R and Provisions 32 to 41 of the *UK Corporate Governance Code*, except to the extent that those principles or provisions relate specifically to non-executive *directors*.

[Note: The *UK Corporate Governance Code* states that ‘externally managed investment companies (which typically have a different board and company structure that may affect the relevance of particular Principles) may wish to use the Association of Investment Companies’ Corporate Governance Code to meet their obligations under the Code’.]

...

Insert the following new transitional provision, UKLR TP 11, after UKLR TP 10 (Transitional provisions in relation to market capitalisation under UKLR 3.2.7R(1)). The text is all new and is not underlined.

TP 11 Transitional provisions for the UK Corporate Governance Code

(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
1.		R	In these transitional provisions:	From: [date]	[date]
			(1) ‘the 2018 Code’ means the UK Corporate Governance Code published by the Financial Reporting Council in July 2018; and		
			(2) ‘the 2024 Code’ means the UK Corporate Governance Code published by the Financial Reporting Council in January 2024.		

2.	UKLR 6.6.6R(3)	R	(1)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning before 1 January 2025:	From: [date]	[date]
				(a) UKLR 6.6.6R(3) does not apply; and		
				(b) the annual financial report must include statements by the <i>directors</i> on:		
				(i) the appropriateness of adopting the going concern basis of accounting (containing the information set out in Provision 30 of the 2018 Code); and		
				(ii) their assessment of the prospects of the company (containing the information set out in Provision 31 of the 2018 Code),		
				prepared in accordance with the ‘Guidance on Risk Management, Internal Control and Related Financial and Business Reporting’ published by the Financial Reporting Council in September 2014.		
			(2)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning on or after 1 January 2025, but before [<i>Editor’s note: insert date this instrument comes into force</i>], a reference		

				to a Provision of the <i>UK Corporate Governance Code</i> may be read as:		
				(a) a reference to the Provision of the 2018 Code; or		
				(b) a reference to the Provision of the 2024 Code.		
				Where a <i>listed company</i> chooses to read a reference to a Provision as a reference to the Provision of the 2018 Code, the statements must be prepared in accordance with the ‘Guidance on Risk Management, Internal Control and Related Financial and Business Reporting’ published by the Financial Reporting Council in September 2014.		
3.	UKLR 6.6.6R(5) UKLR 11.7.7R(2)	R	(1)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning before 1 January 2025, a reference to a Principle or Provision of the <i>UK Corporate Governance Code</i> is to be read as a reference to a Principle or Provision of the 2018 Code.	From: [date]	[date]
			(2)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning on or after 1 January 2025, but before [<i>Editor’s note: insert date this instrument comes into force</i>], a reference to a Principle or Provision of the <i>UK Corporate Governance Code</i> may be read as:		
				(a) a reference to the Principle or Provision of the 2018 Code; or		

				(b)	a reference to the Principle or Provision of the 2024 Code.		
4.	UKLR 6.6.6R(6)	R	(1)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning before 1 January 2025, the reference to all relevant provisions set out in the <i>UK Corporate Governance Code</i> is to be read as a reference to all relevant provisions set out in the 2018 Code.		From: [date]	[date]
			(2)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning on or after 1 January 2025, but before [<i>Editor’s note: insert date this instrument comes into force</i>], the reference to all relevant provisions set out in the <i>UK Corporate Governance Code</i> may be read as:			
			(a)	a reference to all relevant provisions set out in the 2018 Code; or			
			(b)	a reference to all relevant provisions set out in the 2024 Code,			
			save that as regards Provision 29 only the reference is to be read as a reference to Provision 29 of the 2018 Code.				
			(3)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning on or after [<i>Editor’s note: insert date this instrument comes into force</i>] but before 1 January 2026, the reference to all relevant provisions set out in the <i>UK Corporate</i>			

				<i>Governance Code</i> is to be read as a reference to all relevant provisions set out in the 2024 Code, save that as regards Provision 29 only, the reference is to be read as a reference to Provision 29 of the 2018 Code.		
5.	<i>UKLR</i> 6.6.6R(3) <i>UKLR</i> 6.6.6R(5) <i>UKLR</i> 6.6.6R(6) <i>UKLR</i> 11.7.7R(2)	G	Where <i>UKLR</i> TP 11.2R(2), <i>UKLR</i> TP 11.3R(2) or <i>UKLR</i> TP 11.4R(2) applies, and a <i>listed company</i> or a <i>closed-ended investment fund</i> has applied the 2018 Code, the <i>FCA</i> expects a <i>listed company</i> or a <i>closed-ended investment fund</i> to disclose this in any statement required under:		From: [date]	[date]
			(a)	<i>UKLR</i> 6.6.6R(3) (Statement on going concern and prospects);		
			(b)	<i>UKLR</i> 6.6.6R(5) (Application of Principles);		
			(c)	<i>UKLR</i> 6.6.6R(6) (Comply or explain); or		
			(d)	<i>UKLR</i> 11.7.7R(2) (Statement regarding compliance with UK Corporate Governance Code).		
6.	<i>UKLR</i> 6.6.20R(2)	R	(1)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning before 1 January 2025, a reference to a Provision of the <i>UK Corporate Governance Code</i> is to be read as a reference to a Provision of the 2018 Code.	From: [date]	[date]
			(2)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning on or after 1 January 2025, but before [<i>Editor’s note: insert date this instrument comes into force</i>], a reference to a Provision of the <i>UK</i>		

				<i>Corporate Governance Code</i> may be read as:		
				(a)	a reference to the Provision of the 2018 Code; or	
				(b)	a reference to the Provision of the 2024 Code,	
				save that a reference to Provision 29 is to be read as a reference to Provision 29 of the 2018 Code.		
			(3)	Where a <i>listed company</i> or a <i>closed-ended investment fund</i> has an accounting period beginning on or after [<i>Editor's note: insert date this instrument comes into force</i>] but before 1 January 2026, the reference to Provisions 6 and 24 to 29 of the <i>UK Corporate Governance Code</i> is to be read as a reference to Provisions 6 and 24 to 28 of the 2024 Code and Provision 29 of the 2018 Code.		

Annex G

Amendments to the Disclosure Guidance and Transparency Rules sourcebook (DTR)

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

7 Corporate governance

7.1 Audit committees

Audit committees and their functions

...

- 7.1.7 G In the *FCA's* view, compliance with Provisions 14, 24, 25 and 26 of the *UK Corporate Governance Code* ~~and following the statement of good practice set out in paragraph 63 of the 'Guidance on Board Effectiveness' published by the Financial Reporting Council in July 2018~~ will result in compliance with *DTR* 7.1.1R to *DTR* 7.1.3R and with *DTR* 7.1.5R except as regards disclosing how the body which carries out the functions required by *DTR* 7.1.3R is composed.

[Note: The Financial Reporting Council has issued guidance relating to the *UK Corporate Governance Code* which can be accessed on its website: <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/corporate-governance-code-guidance/>]

7.2 Corporate governance statements

...

- 7.2.8 G In the *FCA's* view, the information specified in Provisions 14, 20, 23, 26, 35 and 41 of the *UK Corporate Governance Code* ~~and paragraph 63 of the 'Guidance on Board Effectiveness' published by the Financial Reporting Council in July 2018~~ will satisfy the requirements of *DTR* 7.2.7R, except as regards a description of the composition of the *issuer's* administrative, management and supervisory bodies and their committees.

[Note: The Financial Reporting Council has issued guidance relating to the *UK Corporate Governance Code* which can be accessed on its website: <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/corporate-governance-code-guidance/>]

...

TP 1 Disclosure and transparency rules

DTR Sourcebook – Transitional Provisions

...					
33	DTR 7.1.7G	R	Where an <i>issuer</i> has an accounting period beginning before 1 January 2019:		From 13 December 2019 to 30 June 2020
			(1)	<i>DTR 7.1.7G does not apply; and</i>	
			(2)	<i>in the FCA's view, compliance with provisions A.1.2, C.3.1, C.3.2, C.3.3 and C.3.8 of the UK Corporate Governance Code published by the Financial Reporting Council in April 2016 will result in compliance with DTR 7.1.1R to DTR 7.1.5R. [expired]</i>	
34	DTR 7.2.4G	R	Where an <i>issuer</i> has an accounting period beginning before 1 January 2019, the reference to the <i>UK Corporate Governance Code</i> is to be read as a reference to the UK Corporate Governance Code published by the Financial Reporting Council in April 2016. [expired]		From 13 December 2019 to 30 June 2020
35	DTR 7.2.8G	R	Where an <i>issuer</i> has an accounting period beginning before 1 January 2019:		From 13 December 2019 to 30 June 2020
			(1)	<i>DTR 7.2.8G does not apply; and</i>	

			(2)	in the <i>FCA's</i> view, the information specified in provisions A.1.1, A.1.2, B.2.4, C.3.3, C.3.8 and D.2.1 of the UK Corporate Governance Code published by the Financial Reporting Council in April 2016 will satisfy the requirements of <i>DTR 7.2.7R</i> . <u>[expired]</u>		
...						
41	...	...	...	...	...	...
<u>42</u>	<u>DTR 7.1.7G</u>	<u>R</u>	(1)	Where an <i>issuer</i> has an <u>accounting period beginning before 1 January 2025:</u>	From: <u>[date]</u>	<u>[date]</u>
				(a) <u>DTR 7.1.7G does not apply; and</u>		

				(b) <u>in the FCA's view, compliance with Provisions 14, 24, 25 and 26 of the UK Corporate Governance Code published by the Financial Reporting Council in July 2018 and following the statement of good practice set out in paragraph 63 of the 'Guidance on Board Effectiveness' published by the Financial Reporting Council in July 2018 will result in compliance with DTR 7.1.1R to DTR 7.1.3R and with DTR 7.1.5R except as regards disclosing how the body which carries out the functions required by DTR 7.1.3R is composed.</u>		
				(2) <u>Where an issuer has an accounting period beginning on or after 1 January 2025, but before [Editor's note: insert date this instrument comes into force], a reference to a Provision of the UK Corporate Governance Code may be read as:</u>		

				(a) <u>a reference to the Provision of the UK Corporate Governance Code published by the Financial Reporting Council in July 2018;</u> or		
				(b) <u>a reference to the Provision of the UK Corporate Governance Code published by the Financial Reporting Council in January 2024.</u>		
			(3)	<u>Where an <i>issuer</i> chooses to read a reference to a Provision as a reference to the Provision of the UK Corporate Governance Code published by the Financial Reporting Council in July 2018, the <i>FCA's</i> view is that following the statement of good practice set out in paragraph 63 of the 'Guidance on Board Effectiveness' published by the Financial Reporting Council in July 2018 is also required in order to comply with <i>DTR</i> 7.1.1R to <i>DTR</i> 7.1.3R and with <i>DTR</i> 7.1.5R (except as regards disclosing how the body which carries out the functions required by <i>DTR</i> 7.1.3R is composed).</u>		

<u>43</u>	<u>DTR 7.2.4G</u>	<u>R</u>	(1)	Where an <i>issuer</i> has an accounting period beginning before 1 January 2025, a reference to the <u>UK Corporate Governance Code</u> is to be read as a reference to the <u>UK Corporate Governance Code</u> published by the <u>Financial Reporting Council</u> in July 2018.	From: <u>[date]</u>	<u>[date]</u>
			(2)	Where an <i>issuer</i> has an accounting period beginning on or after 1 January 2025, but before <u>[Editor's note: insert date this instrument comes into force]</u> , a reference to the <u>UK Corporate Governance Code</u> may be read as:		
			(a)	a reference to the <u>Provision of the UK Corporate Governance Code</u> published by the <u>Financial Reporting Council</u> in July 2018; or		
			(b)	a reference to the <u>Provision of the UK Corporate Governance Code</u> published by the <u>Financial Reporting Council</u> in January 2024.		
<u>44</u>	<u>DTR 7.2.8G</u>	<u>R</u>	(1)	(1) Where an <i>issuer</i> has an accounting period beginning before 1 January 2025:		

				(a)	<u>DTR 7.2.8G does not apply; and</u>		
				(b)	<u>in the FCA's view, the information specified in Provisions 14, 20, 23, 26, 35 and 41 of the UK Corporate Governance Code published by the Financial Reporting Council in July 2018 and paragraph 63 of the 'Guidance on Board Effectiveness' published by the Financial Reporting Council in July 2018 will satisfy the requirements of DTR 7.2.7R, except as regards a description of the composition of the issuer's administrative, management and supervisory bodies and their committees.</u>		
			(2)		<u>Where an issuer has an accounting period beginning on or after 1 January 2025, but before [Editor's note: insert date this instrument comes into force], a reference to a Provision of the UK Corporate Governance Code may be read as:</u>		

				(a)	<u>a reference to the Provision of the UK Corporate Governance Code published by the Financial Reporting Council in July 2018; or</u>		
				(b)	<u>a reference to the Provision of the UK Corporate Governance Code published by the Financial Reporting Council in January 2024.</u>		
			(3)		<u>Where an <i>issuer</i> chooses to read a reference to a Provision as a reference to the Provision of the UK Corporate Governance Code published by the Financial Reporting Council in July 2018, the <i>FCA's</i> view is that the information specified in paragraph 63 of the 'Guidance on Board Effectiveness' published by the Financial Reporting Council in July 2018 is also required in order to satisfy the requirements of <i>DTR</i> 7.2.7R, except as regards a description of the composition of the <i>issuer's</i> administrative, management and supervisory bodies and their committees.</u>		

Appendix 6

Proposals for debt management firms to submit a CASS audit

SUPERVISION MANUAL (AUDITORS REQUIREMENTS) INSTRUMENT 2024

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) 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 137T (General supplementary powers);
 - (3) section 139A (Power of the FCA to give guidance); and
 - (4) section 340 (Appointment).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on [*date*].

Amendments to the 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 (Auditors Requirements) Instrument 2024.

By order of the Board
[*date*]

Annex

Amendments to the Supervision manual (SUP)

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

3 Auditors

3.1 Application

...

3.1.2 R Applicable sections (See *SUP* 3.1.1R)

This table and the provisions in *SUP* 3 should be read in conjunction with *GEN* 2.2.23 R to *GEN* 2.2.25 G. In particular, the *PRA* does not apply any of the provisions in *SUP* 3 in respect of *FCA-authorised persons*. *SUP* 3.10 and *SUP* 3.11 are applied by the *FCA* only.

(1) Category of firm		(2) Sections applicable to the firm	(3) Sections applicable to its auditor
...	...	...	...
(5B)	<i>CASS debt management firm</i> unless subject to a <i>requirement</i> imposed under section 55L of the <i>Act</i> stating that it must not hold <i>client money</i> or such a <i>requirement</i> to the same effect	<i>SUP</i> 3.1 - <i>SUP</i> 3.7, <i>SUP</i> 3.10 <i>SUP</i> 3.11	<i>SUP</i> 3.1, <u><i>SUP</i> 3.2,</u> <u><i>SUP</i> 3.8,</u> <i>SUP</i> 3.10
...	...	...	...

...

