NOTES FOR COMPLETION OF

THE RETAIL MEDIATION ACTIVITIES RETURN ('RMAR')

Contents

Introduction: general notes on the RMAR

1. These notes aim to assist *firm*s in completing and submitting the relevant sections of the **Retail Mediation Activities Return** ('**RMAR**').

2. The purpose of the RMAR is to provide a framework for the collection of information required by the *FCA* as a basis for its supervision activities. It also has the purpose set out in paragraph 16.12.2G of the Supervision Manual, i.e. to help the *FCA* to monitor *firms'* capital adequacy and financial soundness.

Defined terms

3. *Handbook* terms are italicised in these notes.

4. Terms referred to in the RMAR and these notes, where defined by the Companies Acts 1985 or 2006, as appropriate, or other relevant accounting provisions, bear that meaning for these purposes. The descriptions indicated in these notes are designed simply to repeat, summarise or amplify the relevant statutory or other definitions and terminology without departing from their full meaning or effect.

Key abbreviations

5. The following table summarises the key abbreviations that are used in these notes:

APF	*Authorised professional firm*
AR	*Appointed representative*
CAD	The *Capital Adequacy Directive*
CASS	The Client Assets sourcebook, part of the Handbook
COBS	The New Conduct of Business sourcebook, part of the Handbook
CREDS	The Credit Unions sourcebook, which is part of the Handbook
DISP	Dispute resolution: the Complaints sourcebook, part of the Handbook
EEA	The *European Economic Area*
ICOB	The Insurance: Conduct of Business sourcebook, part of the Handbook
IMD	The *Insurance Mediation Directive*
IPRU(INV)	The Interim Prudential sourcebook for Investment Businesses, which is part of the Handbook
ISD	The *Investment Services Directive*
LTCI	Long term care insurance
MCOB	The Mortgages: Conduct of Business sourcebook, part of the Handbook
PII	Professional indemnity insurance
MIPRU	The Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries
MiFID	The *Markets in Financial Instruments Directive*
RMAR	Retail Mediation Activities Return, i.e. the information requirements to which these notes refer.
SUP	The Supervision Manual, part of the Handbook
T&C	Training and competence, part of the Handbook

Scope

6. The following *firms* are required to complete the sections of the *RMAR* applicable to the activities they undertake as set out in *SUP* 16.12:

(a) *firms* with *permission* to carry on *insurance mediation activity* in relation to *noninvestment insurance contracts.*

By way of example, this would include a broker advising on private motor insurance, household insurance or critical illness cover. It would not though include *advice* on a *life policy;*

(b) *firms* with *permission* to carry on *home finance mediation activity*;

(c) *personal investment firms*; and

(d) other investment *firms* that have *retail customers* (defined as *retail investment firms),* and have *permission* to carry on the following activities in relation to *retail investment products*:
• *advising on investments;*
• *arranging (bringing about) deals in investments;*
• *making arrangements with a view to transactions in investments*;

Retail investment products are defined as:

> (a) a *life policy*; or
> (b) a *unit*; or
> (c) a *stakeholder pension scheme;* or
> (d) a *personal pension scheme*; or
> (e) an interest in an *investment trust savings scheme;* or
> (f) a *security* in an *investment trust*; or
> (g) any other *designated investment* which offers exposure to underlying financial assets, in a packaged form which modifies that exposure when compared with a direct holding in the financial asset; or
> (h) a *structured capital-at-risk product*;
>
> whether or not any of (a) to (h) are held within an *ISA* or a *CTF.*

The practical effect of the *retail customer* limitation in the definition of *retail investment firms* is to exclude from the requirements *firms* that carry on *retail investment activities* exclusively with or for *professional customers* or *eligible counterparties.*

Note also that all *long-term care insurance contracts* are defined as *life policies*, and as such are included as *retail investment products*.

7. [deleted]

8. [deleted]

EEA Firms

9. In accordance with the relevant directives, *incoming EEA firms* are not subject to all reporting requirements. In broad terms, this means that *incoming EEA firms* carrying on *regulated activities* by way of *cross border services* only are not required to complete the RMAR.

10. In broad terms, *incoming EEA firms* carrying on *regulated activities* through a branch in the *United Kingdom* are not required to complete the sections of the RMAR in the following table.

Prudential reporting requirements	Section A (balance sheet)
	Section B (profit & loss)
	Section C (*client money*)
	Section D (capital requirements)
	Section E (professional indemnity insurance)
Threshold conditions	Section F (save in relation to questions about *approved persons*)
Training & competence	Section G
Adviser charges	Section K
Consultancy charges	Section L

11. *Firms* that only carry on reinsurance mediation are not required to complete sections C, K or L.

Authorised professional firms

12. APFs that are subject to *IPRU (INV)* 2.1.3R (for their *investment activity*) or *MIPRU* 4.1.10R (for *insurance mediation activity* or *home finance mediation activity*) are not required to complete sections A, B2 or D. APFs that are members of the Law Society of England and Wales, the Law Society of Scotland or the Law Society of Northern Ireland are also not required to complete section C (see below).

13. The application of the capital requirements to APFs is set out in *IPRU(INV)* 2.1.2R (for *retail investment activity*) and *MIPRU* 4.1.10R (for *home finance mediation activity* and *insurance mediation activity*).

14. Where APFs are required to submit financial information (i.e. sections A to E), they should do so in relation to all of their *regulated activities*. Sections F, K and L should also be completed in relation to all *regulated activities*. Other sections (G to I) need not include information in relation to *non-mainstream regulated activities.* However, APFs may complete all sections on the basis of all of their *regulated activities* if this approach is more cost effective.

Accounting Principles

15. The following principles should be adhered to by *firms* in the submission of financial information (sections A to E and sections K and L).

(a) Unless a rule requires otherwise, amounts to be reported within the *firm's* balance sheet and profit and loss account should be determined in accordance with:

(i) the requirements of all relevant statutory provisions (e.g. Companies Acts 1985 to 2006, and secondary legislation made under the these Acts) as appropriate;

(ii) UK generally accepted accounting practice (UK GAAP) or, where applicable, *international accounting standards*;

(iii) the provisions of (c) and (d) below.

(b) If the *firm* is a *body corporate* with one or more *subsidiaries*, its financial statements should be unconsolidated.

(c) (i) With the exception of section J, and sections K and L from 31 December 2012, all amounts should be shown in one of the reporting currencies accepted by the GABRIEL system, unless otherwise specified in the *Handbook* (e.g. in *MIPRU* 3.2.7R). Section J**,** and sections K and L from 31 December 2012, must be completed in pounds sterling.

(ii) A *firm* should translate assets and liabilities denominated in other currencies into the chosen reporting currency using the closing mid-market rate of exchange.

(iii) Taxation, when reported at a quarter or half year end, should be based on an estimate of the likely effective tax rate for the year applied to the interim profit or loss arising.

(iv) Balances on *client bank accounts* and related client accounts must not form part of the *firm's* own balance sheet.

(d) No netting is permitted (that is, amounts in respect of items representing assets or income may not be offset against amounts in respect of items representing liabilities or expenditure, as the case may be, or vice versa).

Other

16. You will note that some questions in the RMAR refer to the "last reporting date". If the RMAR is being completed for the first time, you should treat the date the *firm* became authorised to carry on any of the relevant *regulated activities* as the "last reporting date", except where otherwise indicated (e.g. in sections E & H).

Where questions in the RMAR refer to "as at the end of the reporting period", you should treat the last day of the reporting period specified on GABRIEL as "as at the end of the reporting period".

17. Unless otherwise indicated, the information submitted should cover all of the *firm's* transactions in the relevant products, and all of its *customers* and *market counterparties* (where relevant).

NOTES FOR COMPLETION OF THE RMAR

Section A: Balance sheet

The balance sheet data should be compiled in accordance with generally accepted accounting practice. Incorporated *firms* will already be submitting this information to Companies House under Companies Act requirements, and it would normally be expected that non-incorporated *firms* would compile this data for management purposes.

Insurance intermediaries subject to *MIPRU* should, where debtors include amounts owed by their directors, *group undertakings* or *undertakings* in which the *firm* has a participating interest, enter the total amount falling due to the *firm* within one year in the data entry field entitled:

"Memo (1):
Total amount falling due within one year from directors, fellow group undertakings or undertakings in which the firm has a participating interest where included in Debtors."

Insurance intermediaries subject to *MIPRU* should, where they include *shares* in *group undertakings* as part of their investments, where such investments are held as current assets, enter the total value to the *firm* in the data entry field entitled:

"Memo (2):
Value of shares in group undertakings where such investments are held as current assets."

If further assistance is required in completing the balance sheet, professional guidance should be sought.

This information will be used by the *FCA* to monitor the *firm*'s financial position and satisfy itself as to the *firm's* ongoing solvency. Aggregated data may also be used to inform our supervision activities.

The frequency of reporting for this section is determined by *SUP* 16.12.

Firms that have *appointed representatives* ('ARs') should note that balance sheet data should be submitted for the *firm* only, not its ARs.

Section B: Profit & Loss Account

Profit & loss ('P&L') should be reported on a cumulative basis throughout the *firm's* financial year.

Sub-section B1 – regulated business revenue: covers the data required on the *firm*'s revenue from its *regulated activities*.

Sub-section B2 – other P&L: incorporates the remainder of the profit & loss data requirements.

Firms that receive combined income in relation to both regulated and non-regulated activities may have difficulties in separately identifying their regulated income from their non-regulated income. If this is the case, *firms* should, (a) in the first instance, ask the provider of the income for an indication of the regulated/non-regulated split; and (b) if this is not available, make an estimate of the income derived from each activity.

In section B1, a *firm* that has *appointed representatives* ('ARs'), including a *network*, should ensure that the figures submitted for income are calculated before deducting any commissions shared with its ARs in respect of the *regulated activities* for which the *firm* has accepted responsibility as *principal*.

Note: *Home purchase* and *reversion activity* should be included under the existing mortgage headings in this section of the RMAR.

Section B: guide for completion of individual fields

Commissions (gross)	This should include all commission income in respect of the relevant regulated business: • for *home finance transactions*, this includes commissions received for *advising on home finance transactions* and *arranging*, but not, providing and administration; • for *non-investment insurance contracts* , it should include commissions received for advising, *arranging* and dealing activities; • for *retail investments*, only commission received in relation to the relevant activities should be recorded here. Gross commissions will include commission that is received and passed on to another *person*. Where commission is shared between two or more *firms*, the gross commission should not be double counted, i.e. each *firm* should report only the commission it has received.
Commissions (net)	This should be the amount of the gross commission figure that is retained by the *firm* and, where applicable, its *appointed representatives*, (i.e. not passed on to another *person*) in respect of each type of business.
Fees/ *Adviser charges / Consultancy charges*	You should record here *adviser charges* and *consultancy charges*, and net income received from *customer*s or other sources on a fixed fee rather than commission basis, but only in respect of the relevant *regulated activities*.
Other income from regulated activities	You should record here any income that has derived from the relevant *regulated activities* during the reporting period, which has not been recorded under commissions or fees, *adviser charges* or *consultancy charges*. Such income may include interest on *client money*, where the *firm* is permitted to retain this, or payments made by product providers on a basis other than fees or commissions.
Regulated business revenue	This is the total of the *firm's* income during the reporting period in relation to its relevant *regulated activities*. For an *insurance intermediary* or a *home finance intermediary*, this should be calculated in the same way as 'annual income', as specified in *MIPRU* 4.3.3R (although in this context the period is not generally annual). This *rule* states: "For a firm which carries on *insurance mediation activity* or *home finance mediation activity*, annual income… is the amount of all brokerage, fees, *commissions* and other related income (for example, administration charges, overriders, profit shares) due to the *firm* in respect of or in relation to those activities".
Income from other regulated activities	You should record here any income from other *regulated activities* outside the scope of the *RMAR*.
Other Revenue (income from nonregulated activities)	Gross revenue arising from the *firm*'s non-*regulated activities*, if any, should be entered here.

Section C: Client Money and assets

Note: *Home purchase* and *reversion activity* should be included under the existing mortgage headings in this section of the RMAR.

'Client money' is defined in the *Glossary*. In broad terms, *client money* includes *money* that belongs to a *client*, and is held by a *firm* in the course of carrying on *regulated activities*, for which the *firm* has responsibility for its protection. It does not include *deposits* (where the *firm* acts as deposit-taker).

The *client money rules* define further what is and is not *client money*, and set out requirements on *firms* for the proper handling of and accounting for *client money*. If a *firm* fails, there is a greater direct risk to consumers, and a greater adverse impact on market confidence, if it is a holder of *client money*.

Note 1: *firms* that only carry on *home finance mediation activity* or *insurance mediation activity* in respect of *reinsurance contracts* are exempt from the *client money rules*, and are not therefore required to complete this section of the RMAR. However, a *firm* may make an election under *CASS* 5.1.1R(3) to comply with *CASS* 5.1 to *CASS* 5.6 in respect of *client money* it receives in the course of carrying on *insurance mediation activity* in relation to *reinsurance contracts*. Where a *firm* has made such an election it should also complete this section of the RMAR.

Note 2: an *authorised professional firm* regulated by The Law Society (of England and Wales), The Law Society of Scotland or The Law Society of Northern Ireland must comply with the rules of its *designated professional body* as specified in CASS 5.1.4R, and if it does so, it will be deemed to comply with *CASS* 5.2 to *CASS* 5.6. These *firms* are not therefore required to complete this section of the RMAR.

Note 3: *firms* should complete all applicable fields.

Section C: guide for completion of individual fields

Have any notifiable issues been raised in relation to client money or other assets, either in the firm's last client assets audit report or elsewhere, that have not previously been notified to the FCA?	*SUP* 3.10 sets out the requirement for auditors to report annually on the *firm*'s systems and controls in relation to *client money or custody assets*. Auditors and *firms* are required to report significant issues to the *FCA* (see *SUP* 3.8.10G and *SUP*15.3). Therefore, if you answer 'yes' here, you should ensure that the relevant issues are notified to us.
Risk transfer	See *CASS* 5.2 – holding money as agent of *insurance undertaking*
Statutory Trust	*See CASS 5*.3 and *CASS* 7.7
Non-statutory Trust	See *CASS* 5.4
Client money credit total as at reporting date	This should be the total of credits on the *firm*'s *client money* account(s) as at the current date of return. These should be taken from the *firm's* ledgers.
Client money debit total as at reporting date	This should be the total of any debits on the *firm*'s *client money* account(s) as at the current date of return. These should be taken from the *firm's* ledgers.
Net client money balance as at reporting date	This should be the aggregate balance on the *firm*'s *client money* account(s).

If non-statutory, has auditor's confirmation of systems and controls been obtained?	This refers to the requirement in *CASS* 5.4.4R(2) that the *firm* must obtain and keep current, written confirmation from its auditor that the *firm* has adequate systems and controls in place to meet the requirements under *CASS* 5.4.4R(1).
Is any client money invested (other than on deposit)?	You should indicate 'yes' here if the *firm* has invested any *client money* other than in a bank account. See *CASS* 5.5.14. (Note: this is only permitted for *client money* that is held in a non-statutory trust.)
Does the *firm* hold any client assets (other than client money)?	If the *firm* holds client assets and is subject to the requirements of *CASS* 5.8 or *CASS* 6, state 'yes' here.

Section D: Capital Resources

In this section there are separate calculations of capital resources and capital resources requirements for the different types of business covered by the data requirements. The calculations are the same, however, for both *home finance mediation activity* and *insurance mediation activity* relating to *non-investment insurance contracts*.

(i) Section **D1** covers the appropriate capital resources and connected requirements in *MIPRU* chapter 4 for *firms* carrying on *home finance mediation activity*, and/or *insurance mediation activity* relating to *non-investment insurance contracts* (the requirements have to be completed for all applicable categories). For such a firm that is also subject to *IPRU(INV)* or *BIPRU*, the requirement is the higher of the two capital resources requirements that apply (see *MIPRU* 4.2.5R) and is compared with the higher of the two capital resources calculations (see *MIPRU* 4.4.1R).

(ii) Section D6 covers the appropriate capital resources and connected requirements for *personal investment firms* that carry on *retail investment activities*. Those *firms* that carry on *designated investment business* and are subject to the *RMAR*, but do not meet the definition of *personal investment firm* (i.e. are not subject to *IPRU(INV)*) Chapter 13, are **not** subject to this section. Such *firms*, e.g. smaller stockbrokers that advise on *retail investments* as an incidental part of their business, remain subject to the financial resources requirements associated with their principal *regulated activities*. These additional capital resources requirements are not calculated as part of the *RMAR*, although will be relevant for the comparison required under *MIPRU* 4.2.5R.

Some *credit unions* are exempt from the capital resources requirements in *MIPRU*, under the terms set out in 4.1.8R of that sourcebook, although they have a capital resources requirement under the Credit Unions sourcebook ('*CREDS*'). For other *credit unions*, the capital resources requirement should be the highest of the amounts required under *MIPRU*, *CREDS* or *IPRU(INV)* (if applicable).

Firms are required to complete the Sections that are applicable for the types of business they undertake. *Personal investment firms* must complete section D6 to arrive at the totals required in D1 (if D1 is relevant to them). They should calculate their capital resources for the purpose of Section D6 as per Chapter 13 of (*IPRU(INV)*).

Guide for the completion of individual fields

Section D1: firms within the scope of *MIPRU* chapter 4

Base requirement	The minimum capital resources requirement for *firms* carrying on *home finance mediation activity* and/or *insurance mediation activity* relating to *non-investment insurance contracts* is set out in *MIPRU 4.2.11*R.
5% of annual income (firms holding client money)	For *firms* that hold *client money* or other *client* assets in relation to *insurance mediation activity* or *home finance mediation activity*, the requirement is calculated as 5% of the annual income (see *MIPRU* 4.2.11R(2)) from the *firm's insurance mediation activity*, *home finance mediation activity*, or both.
2.5% of annual income (firms not holding client money)	For *firms* that do not hold *client money* or other *client* assets in relation to *insurance mediation activity* or *home finance mediation activity*, the requirement is calculated as 2.5% of the annual income (see *MIPRU* 4.2.11R(1)) from the *firm's insurance mediation activity, home finance mediation activity*, or both.
Capital resource requirement (higher of above)	The higher of the base requirement and 5% of annual income (*firms* that hold *client money* or other *client* assets), or the higher of the base requirement and 2.5% of annual income (*firms* that do not hold *client money* or other *client* assets)
Additional capital resources requirements for PII (if applicable)	If the *firm* has any increased excesses on its PII policies, the total of the additional capital resources requirements required by the tables in *MIPRU* 3.2.13R or *MIPRU* 3.2.14R should be recorded here. See also section E of the RMAR.
Other *FCA* capital resources requirements (if applicable)	The *FCA* may from time to time impose additional requirements on individual *firms*. If this is the case for your *firm*, you should enter the relevant amount here. This excludes capital resources requirements in relation to PII, which are recorded above. There may be additional capital resources requirements imposed on *firms* that carry on a number of different *regulated activities*. For example, *firms* that carry on the activities of *home finance providing activity* or *administering a home finance transaction* in addition to *home finance mediation activity* and/or *insurance mediation activity*, and are not exempted under *MIPRU* 4.1.4R, may have an additional requirement under *MIPRU* 4.2.21R(2). If the *firm* carries on *designated investment business* as well as *home finance mediation activity, insurance mediation activity* or both, requirements under both *IPRU(INV) or BIPRU* and *MIPRU* must be considered, as it is the higher of the requirements that needs to be met (see general note (i) above). So if the requirement under *IPRU(INV)* or *BIPRU* for a *firm* is higher than *MIPRU* then you should include the difference here.
TOTAL CAPITAL RESOURCES REQUIREMENT	Appropriate totals from above
TOTAL CAPITAL RESOURCES	This should be the total of the capital resources calculated in accordance with *MIPRU* 4 in this section (D1) for incorporated or unincorporated *firms* as applicable. For *firms* that are additionally subject to *IPRU(INV), BIPRU* or *CRED*, this should be the higher of the amount calculated

	in this section ('total capital resources') and the financial resources determined by *IPRU(INV), BIPRU* or *CRED.* See *MIPRU* 4.4.1R.
TOTAL CAPITAL RESOURCES EXCESS/DEFICIT	This should show the amount of capital resources that the *firm* has in relation to its capital resources requirement.
Eligible capital (home finance and non-investment insurance)	
Incorporated firms	
Share capital	Share capital which is eligible for inclusion as capital resources.
Reserves	These are the audited accumulated profits retained by the *firm* (after deduction of tax and dividends) and other reserves created by appropriations of share premiums and similar realised appropriations. Reserves also include gifts of capital, for example, from a *parent undertaking*. Any reserves that have not been audited should not be included in this field unless the *firm* is eligible to do so under Note 1 of *MIPRU* 4.4.2R.
Interim net profits	Interim net profits should be verified by the *firm's* external auditor, net of tax or anticipated dividends and other appropriations to be included as capital. Any interim net profits that have not been verified should not be included in this field unless the *firm* is eligible to do so under *MIPRU* 4.4.2R.
Revaluation reserves	Revaluation reserves are unrealised reserves arising from the revaluation of fixed assets. They can only be included here if audited unless the firm has an exemption in accordance with Note 1 of MIPRU 4.4.2R.
Subordinated loans	Subordinated loans should be included in capital on the basis of the provisions in *MIPRU* 4.4.7R and *MIPRU* 4.4.8R.
Less investments in own shares	Amounts recorded in the balance sheet as investments which are invested in the *firm*'s own shares should be entered here for deduction.
Less intangible assets	Any amounts recorded as intangible assets in section A should be entered here for deduction.
Less interim net losses	Interim net losses should be reported where they have not already been incorporated into audited reserves. The figures do not have to be audited to be included.
Unincorporated firms and limited liability partnerships	
Capital of a sole trader or partnership or LLP members' capital	See *MIPRU* 4.4.2R
Subordinated loans	Subordinated loans should be included in capital on the basis of the provisions in *MIPRU* 4.4.7R and *MIPRU* 4.4.8R.
Less intangible assets	Any amounts recorded as intangible assets in section A above should be entered here for deduction.
Less interim net losses	Interim net losses should be reported where they have not already been incorporated. The figures do not have to be audited to be included.
Less excess of drawings over profits for a sole trader or partnership or LLP	Any excess of drawings over profits should be calculated in relation to the period following the date as at which the capital resources are being calculated. The figures do not have to be audited to be included.
Personal assets not needed to meet non-business liabilities	*MIPRU* 4.4.5R and 4.4.6G allow a *sole trader* or *partner* to use personal assets to cover liabilities incurred in the *firm*'s business unless: (1) those assets are needed to meet other liabilities arising from: (a) personal activities; or (b) another business activity not regulated by the

	appropriate regulator; or (2) the *firm* holds *client money* or other *client* assets. This field may be left blank if the *firm* satisfies the capital resources requirements without relying on personal assets.

Section D6: Capital Resources – Personal Investment Firms subject to IPRU(INV) chapter 13

Base requirement	The minimum capital resources requirement for a firm is set out in *IPRU(INV)* 13.3.2R(2). *Firms* must be aware of the Transitional Provisions in *IPRU(INV)* Chapter 13.
Expenditure-based requirement	The requirement is calculated as 1/4 of the firm's fixed annual expenditure as required by *IPRU(INV)* 13.3.2R(1). For the purposes of the calculation fixed expenditure is that which is inelastic relative to fluctuations in the *firm's* level of business. Fixed expenditure is likely to include most salaries and staff costs, office rent, payment for the rent or lease of office equipment, and insurance premiums. It may be viewed as the amount of funds which a *firm* would require to enable it to cease business in an orderly manner, should the need arise. Staff bonuses, *employees* and *directors'* profit shares, some interest charges, shared commission and fees payable, emoluments of directors, partners or a sole trader, and other variable expenditure can be deducted for the purposes of the calculation, but the *firm* will need to identify for itself which costs amount to fixed expenditure. *Firms* must be aware of the Transitional Provisions in *IPRU(INV)* Chapter 13.
Capital resources requirement per *IPRU(INV)* 13.3.2R (higher of above)	*Firms* are required to meet the capital resources requirement which is the higher of: (1) the base requirement; and (2) the expenditure-based requirement.
Additional capital resources requirement for PII (if applicable)	If the *firm* has increased excesses or exclusions on its PII policies, the total of the additional capital resources requirements required by *IPRU(INV)* 13.1.23R and 13.1.27R should be recorded here. See also section E of the *RMAR*.
Other *FCA* capital resources requirements (if applicable)	The *FCA* may from time to time impose additional requirements on individual *firms*. If this is the case for your *firm*, you should enter the relevant amount here. This excludes capital resources requirements in relation to PII, which are recorded above.
Total capital resources requirement	Appropriate totals from above.
Capital Resources - as below	This field should be filled in using the figure for capital resources as calculated in the second part of this Section.
Surplus/deficit of capital resources	This should show the amount of the *firm's* capital resources in relation to its capital resources requirement.

Capital resources calculation – per IPRU(INV) 13.3.10R

Paid up share capital excluding	Exclude redeemable preference shares which fall due within

preference shares redeemable by shareholders within 2 years	two years. If preference shares are not redeemable by the shareholder within 2 years, they must be treated in accordance with 13.3.1R and 13.3.14R.
Eligible LLP members' capital	
Balances on proprietor's or partners' capital and current accounts, less excess LLP members' drawings and excess of current year drawings over current year profits	
Share premium account	
Retained profits (losses) plus current year net profits (losses) plus other reserves	Retained profits (or losses) do not need to be audited and current year net profits (or losses) do not need to be verified.
Revaluation reserves	
Subordinated loans	Subject to the limits set out in 13.3.11R to 13.3.14R.
Less: Intangible assets	Deduct intangible assets in full.
Less: Contingent liabilities	Deduct any contingent liability (including the overdraft of any other company that the firm has guaranteed).
Less: Deficiencies in *subsidiaries*	Include a deduction for the amount by which the liabilities of any *subsidiary* (excluding its capital and reserves) exceed its tangible assets. This requirement applies only to the extent that the *firm* has not already made such a provision in its balance sheet.
Less: Non-trade debtors (including from *group* and *connected* companies)	Deduct amounts in full.
Less: Trade debtors (including from *group* and connected companies)	Deduct amounts due and unpaid for more than 90 days.
Less: Land and buildings (net of any liabilities secured by a charge on the assets)	Deduct 30% of the net book value of land and buildings.
Less: *Investments*	Deduct the applicable percentage for investments as specified in Table 13.3.10.
Less: Accrued income	Deduct amounts receivable after more than 90 days.
Less: Prepayments	Deduct amounts which relate to goods or services to be received or performed after more than 90 days.
Less: *Deposits*	Deduct amounts other than: (a) cash and balances on current accounts and on deposit accounts with an approved bank or National Savings Bank that can be withdrawn within 90 days; (b) money on deposit with a UK local authority that can be withdrawn within 90 days; (c) money deposited and evidenced by a certificate of tax *deposit*.
Less: Other illiquid assets	Deduct amounts in full.
Personal assets of *partnerships* or *sole traders*	A *sole trader* or a *partnership* may include personal assets (based on a current independent valuation) to make up any shortfall in the required capital resources needed to meet its capital resources requirement. The assets must be discounted by the factors used for the calculations above in this Table and must not be needed to meet liabilities arising from personal activities or another business activity not regulated by the *FCA*.

Section E: Professional Indemnity Insurance

This section requires *firms* to confirm that they are in compliance with the prudential requirements in relation to professional indemnity insurance (PII).

Data is required in relation to all PII policies that a *firm* has in place, up to a limit of ten (the system will prompt you to submit data on all applicable policies). If a *firm* has more than ten policies, it should report only on the ten largest policies by premium.

Note on the scope of Section E: *retail investment firms* that fall within the scope of these data requirements, but do not meet the definition of *personal investment firm*, i.e. are not subject to *IPRU(INV)* 13, will **not** be subject to this section unless they undertake *insurance mediation* or *home finance mediation activities*. *Insurance mediation activity* includes any mediation performed in relation to a *contract of insurance* and this, for example, will include a *life policy*.

The PII requirements for *authorised professional firms* ('APFs') that carry on *retail investment activities* are set out in *IPRU(INV)* 2.3. APFs that carry on *home finance mediation activity* or *insurance mediation activity* are subject to the full requirements of *MIPRU* 3.

Firms which are subject to the requirements in *IPRU(INV)* 13 but also undertake *home finance* and/or *insurance mediation activity* in relation to a *non-investment insurance contract* must apply the PII rules outlined in *IPRU(INV)* 13, not *MIPRU* 3.

Section E: guide for completion of individual fields

Part 1

Does your firm hold a comparable guarantee or equivalent cover in lieu of PII, or is it otherwise exempt from holding PII in respect of any regulated activities (tick as appropriate)?	This question will establish whether a *firm* is exempt from the requirements and so is not required to hold PII. The conditions for comparable guarantees and other exemptions from the PII requirements for *firms* carrying on ***insurance*** or ***home finance mediation*** and subject to *MIPRU* are set out in *MIPRU* 3.1.1R paragraphs (3) to (6). ***Personal investment firms*** can only be exempted by if they have a comparable guarantee that complies with *IPRU(INV)* 13.1.7R). If the *firm* is required to hold PII – i.e. is not exempt from holding PII – you should enter 'no' in the data field. A *firm* is NOT exempt from holding PII if: • the *firm* has a group policy with an insurer; or • the *firm* has permission for the regulated business that requires PII, but does not currently carry it out; or • it is a *personal investment firm* meeting the exemption requirements for *mortgage intermediaries* and *insurance intermediaries* in *MIPRU* 3. *Retail investment firms* that do not meet the definition of *personal investment firm* are not required to complete this section of the RMAR unless they have permission for *non-investment insurance* or *home finance mediation activities*.
If the firm does not hold a comparable guarantee or equivalent cover and is not exempt, does the firm currently hold PII?	*Firms* are required to take out and maintain PII at all times. You should only enter 'n/a' if the *firm* is exempt from the PII requirements for all the *regulated activities* forming part of the RMAR.
Has the firm renewed its PII cover since the last reporting date?	This question will ensure that a *firm* does not fill in Part 2 of the PII section of the RMAR each time it reports, if the information only changes annually. If the *firm* is reporting for the first time, you should enter 'yes' here and complete the data fields. You should only enter 'n/a' if the *firm* is exempt from the PII requirements for all the *regulated activities* forming part of the RMAR.

Part 2

PII basic information

What activities are covered by the policy(ies)?	You should indicate which *regulated activities* are covered by the *firm's* PII policy or policies.
If your policy excludes all business activities carried on prior to a particular date (i.e. a retroactive start date), then insert the date here, if not	Required terms of PII are set out for *personal investment firms* in *IPRU(INV)* 13.1.9R to 13.1.18R and for *mortgage intermediaries* and *insurance intermediaries* in *MIPRU* 3.2.4R.

<table>
<tr><td>please insert ‘n/a’</td><td>Examples of a retroactive start date:
(1) A firm has a retroactive start date of 01/01/2005 on its policy if:
A client is advised by the firm to purchase an XYZ policy on 01/03/2004 (i.e. before the retroactive start date).
The client makes a formal complaint about the sale of XYZ policy to the firm on 01/04/2006 (i.e. while this PII cover is still in place).
The complaint is upheld, but the firm's current PII Insurer will not pay out any redress for this claim as the transaction took place before 01/01/2005, the retroactive start date in the policy.
Insert '01/01/05' for this question on the RMAR.

(2) A firm does not have a retroactive start date if:
A client is advised by the firm to purchase an XYZ policy on 01/03/2006.
The client makes a formal complaint about the sale of XYZ policy to the firm on 01/04/2006 (i.e. while this PII cover is still in place).
The complaint is upheld, but the firm's current PII Insurer will pay out any redress owed by the firm to the client over any prescribed excess, and to the limit of indemnity provided for. There is no date in the policy before which any business transacted may not give rise to a valid claim.
Insert 'n/a' for this question on the RMAR.</td></tr>
<tr><td>Annual premium</td><td>This should be the annual premium that is paid by the firm, net of tax and any other add-ons.</td></tr>
<tr><td>Limit of Indemnity</td><td>You should record here the indemnity limits on the firm's PII policy or policies, both in relation to single claims and in aggregate.

Those firms subject to the Insurance Mediation Directive (IMD) requirements should state their limit in Euros; those that are not subject to the IMD should select 'Sterling' from the drop-down list.

Insurance intermediaries, see MIPRU 3.2.7R and select either 'Euros' or 'Sterling' as applicable.
Home finance intermediaries should state their limit in Sterling (see MIPRU 3.2.9R).

For personal investment firms, see IPRU(INV) 13.1.10R and 13.1.13R and select either 'Euros' or 'Sterling' as applicable.

If the firm is subject to more than one of the above limits (because of the scope of its regulated activities) and has one PII policy for all of its regulated activities, the different limits should be reflected in the policy documentation. If there is more than one limit, only the highest needs to be recorded in this field.</td></tr>
</table>

Policy excess	For *insurance intermediaries* and *home finance intermediaries*, see *MIPRU* 3.2.10-14R. For *personal investment firms*, see *IPRU(INV)* 13.1.25R.
Increased excess(es) for specific business types (only in relation to business you have undertaken in the past or will undertake during the period covered by the policy)	If the prescribed excess limit is exceeded for a type or types of business, the type(s) of business to which the increased excess applies and the amount(s) of the increased excess should be stated here (Some typical business types include pensions, endowments, FCAVCs, splits/zeroes, precipice bonds, income drawdown, *lifetime mortgages*, discretionary management.)
Policy exclusion(s) (only in relation to exclusions you have had in the past or will have during the period covered by the policy)	If there are any exclusions in the *firm's* PII policy which relate to any types of business or activity that the *firm* has carried out either in the past or during the lifetime of the policy, enter the business type(s) to which the exclusions relate here. (Some typical business types include pensions, endowments, FCAVCs, splits/zeroes, precipice bonds, income drawdown, lifetime mortgages, discretionary management.)
Start Date	The date the current cover began.
End Date	The date the current cover expires
Insurer's name (please select from the drop-down list)	The *firm* should select the name of the *insurance undertaking* or Lloyd's syndicate providing cover. If the PII provider is not listed you should select 'other' and enter the name of the *insurance undertaking* or Lloyd's syndicate providing cover in the free-text box. If a policy is underwritten by more than one *insurance undertaking* or Lloyd's syndicate, you should select 'multiple' and state the names of all the *insurance undertakings* or Lloyd's syndicates in the free-text box.
Annual income as stated on the most recent proposal form	This should be the income as stated on the *firm's* most recent PII proposal form. For a *personal investment firm*, this is relevant income arising from all of the *firm's* activities for the last accounting year before the policy began or was renewed (*IPRU(INV)* 13.1.8R). For *insurance intermediaries* and *mortgage intermediaries* this is the annual income given in the *firm's* most recent annual financial statement from the relevant *regulated activity* or activities (*MIPRU* 4.3.1R to 4.3.3R).
Amount of additional capital resource required for increased excess(es) (where applicable, total amount for all PII policies)	This should be calculated using the tables in *IPRU(INV)* 13.1.27R or *MIPRU* 3.2.14 to 3.2.16R as applicable. The total of additional capital

	resources (i.e. in relation to all of the *firm's* PII policies) should be reported under 'additional capital resources requirements for PII' and/or 'additional own funds for PII' in Section D1.
Amount of additional capital resources required for policy exclusion(s)	*Personal investment firms* only – this should be calculated in line with *IPRU(INV)* 13.1.23R. The total of additional capital resources (i.e. in relation to all of the *firm's* PII policies) should have been reported under 'additional capital requirements for PII' and/or 'additional capital resources for PII' in section D6.
Total of additional capital resources required	*Personal investment firms* only – this is the same figure as in section D6, representing the total of additional capital resources required under *IPRU(INV)* 13.1.23R to 13.1.27R for all of the *firm's* PII policies.

Section F: the *threshold conditions*

Sub-heading: close links

This section relates to *threshold condition* 3. *Firms* should consult *COND* 2.3, as well as Chapter 11 of the Supervision Manual ('*SUP*').

Sole traders and *firms* which have permission to carry on *retail investment activities* only, or *firms* which have *permission* to carry on only one, or only both of:

- *insurance mediation activity*; or
- *home finance activity*;

and are not subject to the requirements of *SUP* 16.4 or *SUP* 16.5 (requirement to submit annual controllers report; or annual close links reports), will submit these reports in RMAR section F instead.

Sub-heading: approved persons

The approved persons regime is one of the ways in which the *FCA* satisfies itself that *firms* are operating in accordance with *threshold conditions* 4 (adequate resources) and 5 (suitability).

An "approved person" is a *person* in relation to whom the *FCA* has given its approval under the *Act* for the performance of a *controlled function*. In broad terms, the individuals the *FCA* approves fall into the following categories:

• individuals exerting significant influence over the *firm*'s *regulated activities*;
• individuals dealing directly with *customers*; and
• individuals dealing with the property of *customers*.

For *retail investment firms*, all individuals undertaking *controlled functions* in relation to the above categories are subject to the *approved persons* regime.

For *firms* carrying on *home finance mediation activity* and/or *insurance mediation* *activity* relating to *non-investment insurance contracts*, the ‘significant influence’ category is subject to the *approved persons* regime, but not the ‘customer functions’.

See, generally, *SUP* 10.4 for specification of *significant influence functions* and *customer functions*.

Sub-heading: controllers

In very broad terms, so far as those required to fill in this part of the return are concerned, the *Handbook* requires notification of changes in a *firm's controllers* as follows:

A *UK domestic firm* other than a *UK insurance intermediary* must notify the *FCA* of any of the following events concerning the *firm*:

(1) a *person* acquiring *control* or ceasing to have *control*;
(2) an existing *controller* acquiring an additional *kind of control* or ceasing to have a *kind of control*;
(3) an existing *controller* increasing or decreasing a *kind of control* which he already has so that the percentage of shares or *voting power* concerned becomes or ceases to be equal to or greater than 20%, 30% or 50%;
(4) an existing *controller* becoming or ceasing to be a *parent undertaking*.

An *overseas firm* must notify the *FCA* of any of the following events concerning the *firm*:

(1) a *person* acquiring *control* or ceasing to have *control*;
(2) an existing *controller* becoming or ceasing to be a *parent undertaking*.

A *UK insurance intermediary* must notify the *FCA* of any of the following events concerning the *firm*:

(1) a *person* acquiring *control*;
(2) a *controller*:
(a) decreasing the percentage of shares held in the *firm* from 20% or more to less than 20%; or
(b) decreasing the percentage of shares held in a *parent undertaking* of the *firm* from 20% or more to less than 20%; or
(c) decreasing the percentage of voting power which it is entitled to exercise, or
control the exercise of, in the *firm* from 20% or more to less than 20%; or
(d) decreasing the percentage of voting power which it is entitled to exercise, or
control the exercise of, in a *parent undertaking* of the *firm* from 20% or more to less than 20%;

(3) an existing *controller* becoming or ceasing to be a *parent undertaking*.

A summary of these notification requirements is provided in Annex 1G of *SUP* 11.

This section of the return replaces the annual *controllers* reporting requirement in *SUP* 16.4.5R, which does not now apply to those *firms* subject only to the RMAR for the purposes of regulatory reporting. Moreover, the exemptions for certain other *firms* from the existing reporting requirement in *SUP* 16.4.1G are retained.

Section F: guide for completion of individual fields

Close Links	
Has there been a notifiable change to the firm's close links?	See *SUP* 11.9. All *firms* should have notified the *FCA* immediately if they have become aware that hey have become or ceased to be closely linked with *another person*. If there have been any changes in *close links* that have not been notified to the *FCA*, you should do this now. For detailed *guidance* on what constitutes a *close link*, see *COND* 2.3.
If yes, has the FCA been notified of it?	See *SUP* 11.9. All *firms* should have notified the *FCA* immediately if they have become aware that hey have become or ceased to be closely linked with *another person*. If there have been any changes in *close links* that have not been notified to the *FCA*, you should do this now. For detailed *guidance* on what constitutes a *close link*, see *COND* 2.3.
Controllers	
Has there been a notifiable change to the firm's controllers including changes to the percentage of shares or voting power they hold in your firm?	See *SUP* 11.4. If there have been any changes in *controllers* that have not been notified to the *FCA*, you should do this by means of your usual supervisory channels.
If yes, has the FCA been notified of it?	See *SUP* 11.4. If there have been any changes in *controllers* that have not been notified to the *FCA*, you should do this by means of your usual supervisory channels

Section G: Training & Competence ('T&C')

Note: *Home purchase* and *reversion activity* should be included under the existing mortgage headings in this section of the RMAR.

Principle 3 of the *Principles for Businesses* requires *firms* to take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems. This includes making proper arrangements for individuals associated with a *regulated activity* carried on by a *firm* to achieve and maintain competence.

We will use the data we collect in this section to assess the nature of *firms*' compliance with training and competence requirements. It will also establish the extent and nature of *firms'* business, and thereby assess the potential risks posed by *firms'* business activities.

*Firm*s that have *appointed representatives* ('ARs') should note that the information submitted in this section should include its ARs as well as the *firm* itself.

Section G: guide for completion of individual fields

Total number of all staff	This should be the total number of staff that worked for the *firm* as at the end of the reporting period.

	Therefore, employees that may have advised during the period but were not employed as at the end date should **not** be included.
Of which:	
Number of staff that give advice	‘Advice’ is given where the sale of a product is based on a recommendation given to the *customer* on the merits of a particular product. If staff advise in relation to more than one business type (i.e. *home finance transaction* advising, advising on *non-investment insurance contracts* or retail investment products), they should be counted in each applicable field. The ‘total’ in the right hand column field should be the actual number of applicable employees, however, rather than a total of the three columns. Note: in relation to advising on *non-investment insurance contracts*, this total should **not** include employees that do not advise *retail customers.*
Number of staff that give advice (Full time equivalent)	This should be the same data as above, but expressed in ‘full time equivalent’ terms, e.g. if the firm has 20 part time staff that work 50% of normal hours, the figure would be 10.
Number of staff that supervise others to give advice	Note the requirements in the Training & Competence Sourcebook (*TC* 2.1.2R, *TC* 2.1.3G, *TC* 2.1.4G and *TC* 2.1.5R) for employees to be appropriately supervised, and also the competencies that are required for those who supervise others. If any of these staff carries out supervisory activities in relation to more than one business type, they should be counted in each applicable field. The ‘total’ in the right hand column field should be the actual number of applicable employees, however, rather than a total of the three columns.
Number of advisers that have been assessed as competent	This is a subset of the total of ‘number of staff that give advice’ above. See *TC* Appendix 1.1R for the detailed training & competence requirements relating to individual activities. If staff are competent in relation to more than one business type, they should be counted in each applicable field. The ‘total’ in the right hand column field should be the actual number of applicable employees, however, rather than a total of the three columns.
Number of advisers that have passed appropriate examinations	This is a subset of the total in ‘number of staff that give advice’ above. In the case of certain activities, *TC* 2 imposes requirements on *firms* in relation to their *employees* and passing examinations. The relevant activities to which *TC* applies and require *employees* to obtain appropriate qualifications can be found in *TC* Appendix 1. Then appropriate qualifications for these activities can be found in *TC* Appendix 4E. If staff have qualifications in relation to more than one business type, they should be counted in each applicable field. The ‘total’ in the right hand column field should be the actual number of

	applicable employees, however, rather than a total of the three columns.
Number of advisers that have left since the last reporting date	This is the total number of advisory staff that have left the *firm* during the current reporting period. If any of these staff used to carry out advisory activities in relation to more than one business type, they should be counted in each applicable field. The 'total' in the right hand column field should be the actual number of applicable employees, however, rather than a total of the three columns.
What types of advice were provided?	For each type of advice, the *firm* should indicate whether or not staff have provided advice on that basis / business type.
Independent	For a *retail investment firm* to provide *independent advice* its *personal recommendations* must be based on a comprehensive and fair analysis of the relevant market, and be unbiased and unrestricted (*COBS* 6.2A.3R).
Independent (whole of market plus option of fee-only)	To hold itself out as acting independently, a *firm* carrying on *home finance mediation activity*, must consider products from across the whole of the market, and offer its clients the opportunity to pay by fee (*MCOB* 4.3.7R).
Whole of market (without fee-only option)	A *firm* carrying on *home finance mediation activity* provides whole of market recommendations when it has considered a large number of products that are generally available from the market as a whole.
On the basis of a fair analysis of the market	If an *insurance intermediary* informs a *customer* that it gives advice on the basis of a fair analysis of the market, it must give that advice on the basis of an analysis of a sufficiently large number of *contracts of insurance* available on the market to enable it to make a recommendation, in accordance with professional criteria, regarding which *contract of insurance* would be adequate to meet the *customer's* needs. (See *ICOBS* 5.3.3R, see also *ICOBS* 4.1.6R and *ICOBS* 4.1.8G).
Restricted / Multi-tie - the products of a limited number of providers	A *firm* provides advice on products selected from a limited number of provider firms. *Restricted advice* applies to advice on *retail investment products*. Multi-tie applies to *insurance mediation activity* and *home finance mediation activity*.
Restricted /Single-tie - the products of one provider	A *firm* provides advice on products selected from one provider firm only. *Restricted advice* applies to advice on *retail investment products*. Single-tie applies to *insurance mediation activity* and *home finance mediation activity*.
Restricted – limited types of products	A *firm* provides advice on limited types of products.

Sub heading: Clawed back commission (*retail investment firms* only)

Commission is typically paid to advisers in two main ways:

- non-indemnity commission – this is where payments from providers/lenders to advisers are non-refundable should the policy lapse, cancel or be surrendered.

- indemnity commission – this is colloquially known as 'up-front' commission and describes the situation where a provider would pay an adviser an amount of money based on a percentage of the first year's premiums for a regular premium contract. This sum is paid immediately on commencement, on the assumption that the policy will stay in force for a number of months/years ('the earnings period'). Should the customer stop paying premiums within the 'earnings period' (generally between 24 and 48 months), then the provider would ask the adviser to repay the 'unearned' commission. This is known as '**clawback**'.

Clawed back commission (retail investment firms only)	
Number	Number of policies where cancellations have led to commissions being clawed back during the reporting period.
Value	Total value of clawed back commission during the period.

Section H: Conduct of Business ('COBS') Data

Note: *Home purchase* and *reversion activity* should be included under the existing mortgage headings in this section of the RMAR.

In this section we are seeking data from *firms* in relation to general conduct of business and monitoring of appointed representatives.

We will use the data collected in this section to establish the extent and nature of *firms'* business, and thereby assess the potential risks posed by *firms'* business activities.

*Firm*s that have *appointed representatives* ('ARs') should note that the information submitted in this section should take account of the business generated by its ARs as well as the *firm* itself.

Sub-heading: general COBS data

In this sub-section we are requesting general information on the *firm*'s conduct of business.

Sub-heading: monitoring of *appointed representatives*

An appointed representative ('AR') is a *person* (other than an *authorised person*) who:

(a) is a party to a contract with an *authorised person* (his *principal*) which:

(i) permits or requires him to carry on business of a description prescribed in the *Appointed Representatives Regulations*; and

(ii) complies with such requirements as are prescribed in those Regulations; and

(b) is someone for whose activities in carrying on the whole or part of that business his *principal* has accepted responsibility in writing; and who is therefore an *exempt person* in relation to any *regulated activity* comprised in the carrying on of that business for which his *principal* has accepted responsibility.

A *firm* has significant responsibilities in relation to an AR that it has appointed, which are set out in detail in *SUP* 12. In summary, the *firm* is responsible, to the same extent as if it had expressly permitted it, for anything the *appointed representative* does or omits to do, in carrying on the business for which the *firm* has accepted responsibility.

Before a *firm* appoints a *person* as an *appointed representative*, and afterwards **on a continuing basis**, it should take reasonable care to ensure that:

(1) the appointment does not prevent the *firm* from satisfying and continuing to satisfy the *threshold conditions*;

(2) the *person*:

(a) is solvent;
(b) is suitable to act for the *firm* in that capacity; and
(c) has no *close links* which would be likely to prevent the effective supervision of the *person* by the *firm*; and

(3) the *firm* has adequate:
(a) controls over the *person*'s *regulated activities* for which the *firm* has responsibility (see *SYSC* 3.1); and
(b) resources to monitor and enforce compliance by the *person* with the relevant requirements applying to the *regulated activities* for which the *firm* is responsible and with which the *person* is required to comply under its contract with the *firm*. Accordingly, *firms* are required to monitor and oversee the activities of their ARs. It is the *firm*'s responsibility to be able to demonstrate that it has adequate procedures and resources in place to monitor these activities.

By collecting the high level data required in this sub-section, we will be able to gain an understanding of the methods that *firms* are employing to remain in compliance with the monitoring requirements. This will be used to inform thematic and/or *firm*-specific work in this area.

Section H: guide for completion of individual fields

General COBS data	
Do regulated activities form the core business of the firm?	‘Core business’ for these purposes is the activity from which the largest percentage of the *firm*’s gross income is derived. Note for an *authorised professional firm* specifying that its core business is ‘professional services’: if the *firm’s* income from *regulated activities* is 50% or more of its total income

	(disregarding a temporary variation of not more than 5% over the preceding year's figure), then it should have regard to *IPRU(INV)* 2.1.2R (4) and give notification to the *FCA*.
If not, specify type of core business	The *firm* should specify its core business from the drop-down list. You should select **Other** if none of the categories is applicable to the *firm*'s business, e.g. loss assessor, professional services provided by an *authorised professional firm*.
Monitoring of *Appointed Representatives* ('ARs')	
Number of ARs registered with the firm as at the end of the reporting period.	Total number of ARs for which the *firm* has regulatory responsibility, as at the end of the reporting period.
Of which, number of 'secondary' ARs as at the end of the reporting period.	An AR is a secondary AR if: • the activities for which it is exempt are limited to *insurance* *mediation activities* only; and • its principal purpose is to carry on activities other than *insurance mediation activities*.
Of which, number of introducer ARs as at the end of the reporting period.	See *Glossary* definition
Number of advisers within ARs as at the end of the reporting period.	This should be the total of advisory staff across all of the *firm*'s *appointed representatives*. Advisory staff are those that advise *customers* on the merits of purchasing a particular product. By definition this total will not include staff at introducer ARs.
Does the firm have appropriate systems and procedures in place to ensure that the activities of its ARs are effectively monitored and controlled?	A summary of the *firm*'s responsibilities under *SUP* 12 is set out under the sub-heading "monitoring of appointed representatives" above. The *firm* should be able to demonstrate that it has been in compliance with the requirements in *SUP* 12 throughout the reporting period.
Number of ARs that have been subject to monitoring visits by the firm during the reporting period.	This is one of the ways in which *firms* with ARs may fulfil their responsibilities under *SUP* 12.
Number of ARs that have been subject to file reviews by the firm during the reporting period.	This is one of the ways in which *firms* with ARs may fulfil their responsibilities under *SUP* 12.
Number of ARs that have been subject to financial checks by the firm during the reporting period.	This is one of the ways in which *firms* with ARs may fulfil their responsibilities under *SUP* 12.
Has any other monitoring of ARs by the *firm* taken place?	If the *firm* uses other methods to fulfil its monitoring responsibilities under *SUP* 12, you should state 'yes' here.

Section I: supplementary product sales data

Most of the product sales data ('PSD') required by the *FCA* is collected quarterly from
product providers. However, this process does not include all types of *non-investment insurance contract*, and also leaves other gaps in data on sales, which we aim to fill

by means of the data collected in this section.

We use this data in conjunction with PSD to identify market trends and thus inform our thematic supervision work. In addition to this, we may use the combined sales data to form a view about the state of affairs of individual *firms*, which may inform supervisory or other action.

*Firm*s that have *appointed representatives* ('ARs') should note that the information submitted in this section should also take account of the business of its ARs as well as the *firm* itself.

Sub-heading: (i) non-investment insurance product information

In this section *firms* are asked for aggregate data on their advising and arranging activities (for *non-investment insurance contracts* with *retail customers*). The information required is an indication of the product types in which the *firm* has been active during the reporting period, and a further indication of how significant this activity is (i.e. whether it forms more than 40% by premium of all of the *firm's* retail non-investment insurance activities)

This information enables us to ascertain the importance of each product type to the *firm* and to target thematic work in this area.

Total non-investment insurance premium derived from retail customers (annualised)	Regular policy premiums received for a policy should be reported only once as an annualised figure in the return for the period that covers the date of the sale. There is then no need to report in subsequent returns. An annualised figure is also required if a policy premium is paid in one single payment.

Sub-heading: (ii) non-investment insurance chains

It is common practice in the non-investment insurance market for some *firms* to pass their business to another intermediary rather than directly to the product provider, forming a 'chain'. Product Sales Data only identifies the *firm* that has submitted the business to the product provider, although this may not necessarily be the intermediary that originated the sale. This section captures data on sales that form part of chains. Collecting information on gross and net brokerage (as outlined in section B1 above) gives us some information about the extent to which a *firm* is part of a chain, and to supplement this, we are requesting the following data in this section:

(1) whether transactions in the listed product types have been passed up a chain;
(2) whether this business is significant. 'Significant', in this context, is where the premium collected in relation to business forming part of a chain amounts to (a) more that 40% of premium collected for all non-investment insurance business, or (b) more than 40% of premium collected for all retail business in a particular product; and
(3) whether, in relation to this business, the *firm* has dealt directly with the *customer*

during the reporting period (i.e. has been the first intermediary in the chain).

Note: Lloyd's brokers are exempt from the reporting requirement in this section.

Sub-heading: (iii) Dealing as agent for *non-investment insurance contracts*

This section captures transactions with *retail customers* by *firms* with delegated authority (e.g. where the *firm* can bind risks on behalf of the *insurance undertaking* without further reference to the *insurance undertaking*). *Firms* are required to submit aggregate volumes and value of this business, and to indicate which products they have dealt in.

Firms are also required to indicate whether this business is significant. 'Significant', in this context, is where the premium collected in relation to business where the *firm* dealt as agent amounts to (a) more that 40% of premium collected for all non-investment insurance business, or (b) more than 40% of premium collected for all business in a particular product).
Again, this enables us to ascertain the importance of this business to the *firm* and to target thematic work in this area.

Sub-heading: (iv) claims handling

The activity of **'assisting in the administration and performance of a contract of insurance'** encompasses claims handling on behalf of *customers*, and this section aims to capture information on claims handling that is not collected from product providers as part of PSD.

This enables us to ascertain the importance of this activity to the *firm* and to target thematic work in this area. *Firms* should note that where claims are handled on behalf of an *insurer* only, this does not constitute a *regulated activity*.

Sub-heading: (v) Lloyd's brokers – product sales data

This information is required because data on business placed through Lloyd's is not collected as part of product sales data. To fill the gap, this section requires Lloyd's brokers to submit data on the percentage of revenue earned through their *regulated activities* that is derived from retail, commercial and reinsurance business. This information is used alongside the product sales data to inform our thematic supervision work.

Section I: guide for completion of individual fields

(i) non-investment insurance contracts - product information	
Please indicate in column A each product type where the firm has advised or arranged transactions for retail customers during the reporting period	You should indicate in column A for each relevant product.
Please indicate in column B where the firm's business for retail customers in the product type formed more than 40% by premium of all of its non-investment insurance activities.	You should indicate in column B for each relevant product, based on an estimate of the percentage of business. If you think the product might account for more than 40% of business but are not sure, you should indicate that it does.
(ii) non-investment insurance chains	
Total non-investment insurance premium derived from retail customers	You should state here the total of premiums payable by *retail customers* during the reporting period in relation to non-investment insurance products.
Of this business, please indicate in column D where this business is significant (see notes above)	If this business is significant (see definition above) for one or more product types, this should be indicated in column D.
Product types:	The product types in this table are defined in the Interim Prudential sourcebook for insurers ('*IPRU(INS)*')

Section J: data required for calculation of fees

Note: *Home purchase* and *reversion activity* should be included under the home finance headings in this section of the RMAR.

This information is required so that we can calculate the fees payable by *firms* in respect of the *FCA*, *FOS* and the *FSCS.*

Data for fees calculations	*Firms* will need to report data for the purpose of calculating *FCA, FOS* and *FSCS* levies.
FCA	The relevant information required is the tariff data set out in *FEES* 4 Annex 1AR Part 3 under fee-blocks A.12, A.13, A.18 and A.19. Note that *firms* are required to report tariff data information relating to all business falling within fee blocks A.12/A.13/A.18/A.19 and not simply that relating to retail investments.
FOS	The relevant information required is the tariff data set out in *FEES* 5 Annex 1R industry blocks 8, 9, 16 and 17. Note that *firms* are required to report tariff data information relating to all business falling within industry blocks 8/9, 16 and 17.
FSCS	The relevant information required is the tariff data set out in sub-classes B2, C2, D2, and E2, *FEES* 6 Annex 3R. Note that *firms* are required to report tariff data information relating to all business falling within sub-classes B2, C2, D2 and E2, *FEES* 6 Annex 3R.

Personal investment firms and *firms* whose regulated activities are limited to one or more of: *insurance mediation activity*, *home finance mediation activity*, or *retail investment activity*, are required to complete section J of the *RMAR*.

Firms which do not yet have data for a full 12 months ending on their *accounting reference date* (for example if they have not traded for a complete financial year by the time of the *accounting reference date*) should complete Section J with an 'annualised' figure based on the actual income up to their *accounting reference date*.

That is, such *firms* should pro-rate the actual figure as if the *firm* had been trading for 12 months up to the *accounting reference date*. So for a *firm* with 2 months of actual income of £5000 as at its *accounting reference date*, the 'annualised' figure that the *firm* should report is £30,000.

The guidance in the following table sets out the *rules* which relate to the data required in Section J of *SUP* 16 Annex 18AR.

	FCA Annual Regulated Income (£s)	**FOS** Relevant Annual Income (£s)	**FSCS** Annual Eligible Income (£s)
Home finance Mediation	*FEES* 4 Annex 1AR Part 3 fee-block A18	*FEES* 5 Annex 1R industry block 16	*FEES* 6 Annex 3R sub-class E2
Non-investment insurance mediation	*FEES* 4 Annex 1AR Part 3 fee-block A19	*FEES* 5 Annex 1R industry block 17	*FEES* 6 Annex 3R sub-class B2
Life and pensions mediation	*FEES* 4 Annex 11AR, 12G	*FEES* 5 Annex 1R industry block 8, 9	*FEES* 6 Annex 3R sub-class C2
Investment mediation	*FEES* 4 Annex 11AR, 12G	*FEES* 5 Annex 1R industry block 8, 9	*FEES* 6 Annex 3R sub-class D2

Section K: Adviser charges

In this section we are seeking data from *firms* in relation to *adviser charges* (*COBS* 6.1A and *COBS* 6.1B). We will use the data we collect to monitor and analyse the way *retail investment firms* implement the rules on *adviser charges*.

Data in this section should be reported on a cumulative basis throughout the *firm's* financial year, with the exception of the minimum and maximum *adviser charges*, which are the costs of advice services that a *firm* discloses to a *retail client* in writing, in good time before making the *personal recommendation* (or providing any related service) (*COBS* 6.1A.17R). The *firm's* charging structure can be based on published tariffs or price lists and only needs to be updated as and when the tariffs or prices lists are updated.

All the data in this section should only be in relation to the provision of a *personal recommendation* by the *firm* in respect of a *retail investment product* (or any related service provided by the *firm*).

If a *firm* makes a management charge which covers *adviser charges* and charges for services that do not relate to a *personal recommendation* on *retail investment products*, then *firms* should report the full amount of the management charge received. *Firms* should not differentiate between the amounts relevant to the different services. For example, if a *firm* makes a management charge for a non-discretionary management service that predominantly relates to *advice* on stocks and shares, but provides *personal recommendations* on *retail investment products* as part of this service, then it should report the whole of this charge in section K.

In most cases, *firms* are asked to split the data based on whether the advice was *independent* or *restricted*. *Independent advice* is a *personal recommendation* to a *retail client* in relation to a *retail investment product* which is based on a comprehensive and fair analysis of the relevant market, and is unbiased and unrestricted (*COBS* 6.2A.3R). *Restricted advice* is advice which is not *independent advice*. *Restricted advice* includes *basic advice*, but the *rules* on *adviser charges* do not apply to a *firm* when it gives *basic advice*, so revenue from *basic advice* should not be captured here.

For revenue from *adviser charges* and payments of initial *adviser charges*, *firms* are also asked to split the data based on the payment mechanism, i.e. whether the *adviser charges* have been received directly from *retail clients*, via *product providers*, or via *platform service providers*. *COBS* 6.1B.9R allows for *firms* to facilitate the payment of *adviser charges* from a *retail investment product* or otherwise by means of a *platform service*.

Firms that have *appointed representatives* should include their *appointed representatives* as well as the *firm* itself in the information submitted in this section.

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

Section K: guide for completion of individual fields

Adviser charge revenue	
Initial *adviser charges* (row 1)	These are all *adviser charges* invoiced to *retail clients* during the reporting period for services that are not ongoing. These charges may be paid as a one-off lump sum, or as regular contributions over a period of time if the *adviser charge* relates to a *retail investment product* for which an

	instruction from the *retail client* for regular payments is in place and the *firm* has disclosed that no ongoing *personal recommendations* or service will be provided (*COBS* 6.1A.22R (2)).
Ongoing *adviser charges* (row 2)	These are all *adviser charges*, which are not initial charges, invoiced to *retail clients* during the reporting period for an ongoing service (*COBS* 6.1A.22R (1)).
Adviser charges invoiced directly to *retail clients* (column A, data elements 1A to 6A)	These are all *adviser charges* invoiced directly to *retail clients*.
Adviser charges invoiced via *product providers* (column A, data elements 1B to 6B)	These are all *adviser charges* invoiced via *retail investment product providers* who facilitate, directly or through a third party, the payment of *adviser charges* from a *retail client*'s *retail investment product*.
Adviser charges invoiced via *platform service providers* (column C, data elements 1C to 6C)	These are all *adviser charges* invoiced via *platform service providers* who facilitate, directly or through a third party, the payment of *adviser charges* by means of a *platform service*.
Payments of initial adviser charges (See above three rows for an explanation of the different payment mechanisms.)	
Number of lump-sum payments (row 4)	This is the number of initial *adviser charge* payments invoiced as a lump sum during the reporting period, i.e. the *client* pays the entire initial *adviser charge* in one payment. If an initial charge is not paid in full, we expect it to be recorded under row 5 of Section K as 'Regular instalments as proportion of the total due.
Regular instalments as the proportion of the total due (row 5)	An initial *adviser charge* may be structured to be payable over a period of time when it relates to a *retail investment product* for which an instruction from the *retail client* for regular payments is in place and the *firm* has disclosed that no ongoing *personal recommendations* or service will be provided (*COBS* 6.1A.22R(2)). Each instalment should be captured by the *firm* as a fraction, to two decimal places, representing the amount paid off as a proportion of the amount owed. The sum of these fractions should be reported in the appropriate data field in row 5 to two decimal places. This could be calculated either using (1) the length of the repayment period, if these instalments are of equal value, or (2) the amount paid. These two methods are outlined below (both methods should arrive at the same answer).

	(1) For each *retail client* calculate the number of *months* in the reporting period in which equal instalments are made divided by the total number of *months* in which payments are due to be made. Sum up fractions based on payment mechanism and type of advice and report in the appropriate field. (2) For each instalment calculate the amount paid divided by the total amount due. Sum up fractions based on payment mechanism and type of advice and report in the appropriate field.
Number of one-off advice services (row 7)	This should be the number of one-off advice services provided during the reporting period, to which there is a corresponding initial *adviser charge*.
Retail clients paying for ongoing advice services	
Number of *retail clients* paying for ongoing advice services (row 8)	This should be the number of *retail clients* paying for ongoing advice services (i.e. paying ongoing *adviser charges*) at the end of the reporting period.
Number of *retail clients* who started paying for ongoing advice services (row 9)	This should be the number of *retail clients* who began paying for an ongoing advice service (i.e. paying ongoing *adviser charges*) during the reporting period.
Number of *retail clients* who stopped paying for ongoing advice services (row 10)	This should be the number of *retail clients* who stopped paying for ongoing advice service (i.e. paying ongoing *adviser charges*) during the reporting period.
Charging structure	
What types of adviser charging structures are offered?	Only those fields relevant to the *firm's* charging structure should be completed.
Combined charging structure (£)	When a *firm* operates charging structures which are a combination of per hour, percentage of investment and/or fixed fee, *firms* should record the actual minimum and maximum charges charged in the reporting period and not the published tariff or price list for that combined charging structure. For example, where the *firm's* charging structure is a combination of a fixed fee element and a percentage basis the *firm* will need to work out what the actual maximum and minimum *adviser charges* charged in the reporting period were in order to report values in UK Sterling (£).
Minimum and maximum *adviser charges*	Where a *firm* has no range in their charging structure, the minimum and maximum *adviser charges* should be recorded

	as the same.
Typical charging structure	If a *firm* has more than one charging structure, it should report all charging structures and indicate what the typical charging structure is for initial and ongoing services. If the adviser charging structures typically offered are split evenly between the different charging types (per hour, percentage of investment, fixed fee or combined) for initial and/or ongoing advice services, report the charging structures that are relevant.

Section L: Consultancy charges

In this section we are seeking data from *firms i*n relation to *consultancy charges* (*COBS* 6.1C). We will use the data we collect to monitor and analyse the way *retail investment firms* implement the rules on *consultancy charges*.

Consultancy charges are payable on behalf of an employee to a *firm* or other intermediary in respect of advice given or services provided in connection with *group personal pensions schemes* (including a group *SIPP*) and *group stakeholder pension schemes*.

Consultancy charge data should be reported on a cumulative basis throughout the *firm's* financial year, with the exception of the highest, lowest and typical *consultancy charges*. All the data in this section should only be in respect of *retail investment products*.

Firms are asked to split the data on revenue from *consultancy charges* by payment mechanism, i.e. whether the *consultancy charges* have been received directly as a *fee* from the employer, via *product providers*, or via *platform service providers*. *COBS* 6.1D.9R allows for *firms* to facilitate the payment of *consultancy charges* from a *retail investment product* or otherwise by means of a third party such as a *platform service provider*.

Firms that have *appointed representatives* should include their *appointed representatives* as well as the *firm* itself in the information submitted in this section.

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

Section L: guide for completion of individual fields

Retail investment revenue from either or both group personal pension scheme and group stakeholder pension scheme fee and consultancy charges	
Initial services (row 1)	This is the revenue invoiced during the reporting period for services provided at the scheme outset. For example, the initial services for setting up the scheme such as advice on the selection of scheme provider and launching the scheme to employees.
Ongoing services (row 2)	This is the revenue invoiced during the reporting period for an ongoing service. For example, assisting the employer with the annual scheme renewal or promoting the scheme to new joiners.
One-off services (row 3)	This is the revenue invoiced for services provided during the term of the scheme, which have not been included in row 1

	or row 2. For example, one-off advice or services an employer may seek about an existing scheme such as whether it meets the government's requirements for auto-enrolment.
Fees invoiced directly to employer clients (column A, data elements 1A to 4A)	These are all of the *fees* invoiced directly to employer clients.
Consultancy charges invoiced via *product providers* (column B, data elements 1B to 4B)	These are all *consultancy charges* invoiced via *retail investment product providers* who facilitate, directly or through a third party, the payment of *consultancy charges*.
Consultancy charges invoiced via *platform service providers* (column C, data elements 1C to 4C)	These are all *consultancy charges* invoiced via *platform service providers* who facilitate, directly or through a third party, the payment of *consultancy charges* by means of a *platform service*.
Number of employers that received one-off services	
Number of employers that received one-off services in the reporting period (row 5)	This should be the number of employers who received services of a one-off nature not included previously in any initial or ongoing charges within the reporting period and where no ongoing service is envisaged.
Employer clients paying for either or both ongoing group personal pension scheme and stakeholder pension scheme services	
Employer clients receiving ongoing services (row 6)	This should be the number of employer clients receiving ongoing services (i.e. paying ongoing *consultancy charges*) at the end of the reporting period.
Employer clients who start receiving ongoing services (row 7)	This should be the number of employer clients who began receiving an ongoing service (i.e. paying ongoing *consultancy charges*) during the reporting period.
Employer clients who stop receiving ongoing services (row 8)	This should be the number of employer clients who stopped receiving an ongoing service (i.e. paying ongoing *consultancy charges*) during the reporting period.
Range of consultancy charges	
Highest, lowest and typical *consultancy charges* (row 9)	*Firms* need to report the highest, lowest and typical *consultancy charges* calculated as the first year's projected *consultancy charges* (as % of first year's total employer and employee contributions) applying to *group personal pension schemes* and *group stakeholder pension schemes* set up in the reporting period.
Types of consultancy charges in typical scheme	

Charging structures offered to active and deferred members of *group personal pension schemes* and *group stakeholder pension schemes*	Only those fields relevant to the *firm's* typical charging structure should be completed..