

**SUPERVISION MANUAL (AMENDMENT NO 21)
INSTRUMENT 2015**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers); and
 - (c) section 139A (Power of the FCA to give guidance); and
 - (2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C.
 - (1) Part 1 of the Annex to this instrument comes into force on 31 December 2015.
 - (2) Part 2 of the Annex to this instrument comes into force on 21 March 2016.
 - (3) Part 3 of the Annex to this instrument comes into force on 31 March 2016.

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 (Amendment No 21) Instrument 2015.

By order of the Board
3 December 2015

Annex

Amendments to the Supervision manual (SUP)

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

Part 1: Comes into force on 31 December 2015

16.10 Verification of standing data

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Requirement to check the accuracy of standing data and to report changes to the appropriate regulator

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16.10.4A R (1) A *firm* other than:

(a) a *credit union*; or

(b) an *FCA-authorised person* with *permission* to carry on only *credit-related regulated activity*;

must submit any corrected standing data under *SUP* 16.10.4R(3) ~~online at the appropriate regulator's website~~ using the ~~ONA system~~ appropriate online systems available from the FCA's website.

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16.12 Integrated Regulatory Reporting

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Regulated Activity Group 5

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

Description of data item	Data item (note 1)	Frequency	Submission deadline
...	...		
Note 3	Only applicable to a <i>firm</i> that: <ul style="list-style-type: none"> = <u>is subject to MIPRU 4.2D;</u> = has no restriction to its <i>Part 4A permission</i> preventing it from undertaking new <i>home financing</i> or <i>home finance administration</i> connected to <i>regulated mortgage contracts</i>; and – has permission to carry on any <i>home financing</i> or <i>home finance administration</i> connected to <i>regulated mortgage contracts</i>. 		

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16.20 Submission of recovery plans and information for resolution plans

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Method for submitting recovery plans and information for resolution plans

16.20.6 R A firm must submit its recovery plan and the information required for its resolution plan to the FCA online through the appropriate systems accessible from the FCA's website, using the forms specified in SUP 16 Annex 40R.

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16 Annex 16AR Standing data (See SUP 16.10.4R)

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18. The name and email address of the firm's principal user of the appropriate systems accessible from the FCA's website

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16 Annex 21R Reporting Fields

This is the annex referred to in SUP 16.11.7R.

...

2 SPECIFIC REPORTING FIELDS

...

(c) Mortgages

The following data reporting fields must be completed, where applicable for all relevant *regulated mortgage contracts*:

...

Data reporting field	Code (where applicable)	Notes
Sales Data (report for all <i>regulated mortgage contracts</i>)		
...
Was this mortgage advanced under a government supported initiative?	Y = yes <u>Yes</u> N = no <u>No</u>	Report whether the mortgage was advanced under a government supported initiative, e.g. through provision of a shared equity loan or indemnity insurance.
...
Performance Data (report for all <i>regulated mortgage contracts</i>)		
...
Current amount of <i>payment shortfall</i>	Numeric £	Report current amount of <i>payment shortfall</i> at date of reporting. Report to two decimal places (i.e. pounds and pence). Report as a positive rather than a negative number. Where the loan is split into more than one part, report the current total <i>payment shortfall</i> that applies across all parts. Where there is no payment shortfall, report '0'.
...

...

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16 Annex 38AR Notes for completion of Data Items relating to Consumer Credit activities

Form CCR007 (Consumer Credit Data: key data for credit firms with limited permission) is deleted in its entirety and replaced with the form shown below. The deleted text is not shown and the new text is not underlined.

CCR007 - Consumer Credit data: Key data for credit firms with limited permissions

A

1 Revenue from credit-related regulated activities	
2 Total revenue (including from activities other than credit-related regulated activities)	
3 Number of transactions involving credit-related regulated activities in reporting period	
4 Number of complaints related to credit-related regulated activities received in period	
5 Credit-related regulated activity which generated the highest amount of turnover in the reporting period	
6 Total annual income as defined in FEES 4 Annex 11BR for the purposes of FCA fees reporting	

Amend the following as shown.

16 Annex 38BG

NOTES FOR COMPLETION OF DATA ITEMS RELATING TO CONSUMER CREDIT ACTIVITIES

Contents

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CCR008: Credit-broking websites

...

Data elements

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

General reporting guidelines

10. The consumer credit returns in SUP 16 Annex 38AR (Data Items relating to Consumer Credit activities) should reflect the standard accounting practices followed in the preparation of a firm's annual report and accounts, unless otherwise stated.
11. The information reported in the returns should cover the reporting period specified, unless otherwise stated.

CCR002 – Consumer Credit data: volumes

...

Column C: Total Customers:

...

A *credit repair firm* should count the number of individual customers who have engaged their services during the period.

In the case of jointly-owned products, each individual should be recorded as a customer for the purposes of this column. For example, a joint account held by two individuals would be recorded as two customers.

Column D: Total Transactions

In this column, firms should identify the total number of transactions that were made during the period. ~~This figure should always be equal to or greater than the figure in column C.~~ For example, if the same customer has taken out three loans, this counts as three towards the “total transactions” figure.

Jointly-owned products should be recorded as a single transaction. For example, a joint account held by two individuals would be recorded as one transaction.

...

Row 12: Total annual income for FCA fees reporting

This figure should be calculated with reference to FEES 4 Annex 11BR.

CCR003 – Consumer Credit data: Lenders

...

Column G: Highest rate of interest (in period)

...

Row 7: Running-account credit

The information recorded in this row should be on the utilisation of the running-account credit, not the facility.

CCR007 – Key data for credit firms with limited permission

...

Revenue from credit-related regulated activities	1A	<p>A firm should include the total revenue received from all credit-related regulated activities during the period.</p> <p><u>A firm should report the total amount of income (before expenses) actually received by the firm for its credit-related business activities during the reporting period.</u></p> <p><u>Example 1:</u></p> <p><u>A firm sells a product for £1000 after referring the customer for financing. The firm receives £50 commission for the referral, as well as the £1000 for the product sale.</u></p> <p><u>For data field 1A, the firm would need to report its credit-related income of £50. The income from activities unrelated to credit should not be included here.</u></p> <p><u>Example 2:</u></p> <p><u>A firm sells a product for £1,000. The customer pays £500 cash and the firm refers the customer for financing for the remaining balance. The firm receives £50 commission for the referral.</u></p> <p><u>For data field 1A, the firm would need to report its credit-related income of £50. The amount of finance referred should not be reported here.</u></p>
Total revenue (including from activities other than credit-related regulated activities)	2A	<p>A firm should include all the total revenue received from all its business undertaken during the reporting period, both regulated and unregulated.</p> <p><u>A firm should report all income (before expenses) received for all its business, both regulated and unregulated.</u></p> <p><u>For example, if a firm has sold a product for £1000 and received £50 commission for referring the customer for credit, for data field 2A, the firm should report the total amount of money received, £1,050.</u></p>
Number of credit-related regulated	3A	<p>A firm should identify how many credit-</p>

transactions in reporting period		<p>related regulated activity transactions it has undertaken during the period.</p> <p><u>A firm should report every credit-related regulated transaction which occurred in the reporting period.</u></p> <p><u>For example, if one customer has been referred for credit twice, then this should be recorded as two transactions.</u></p> <p>In relation to debt counselling, the amount should relate to the number of <u>separate occasions</u> on which advice has been given.</p>
Number of complaints relating to credit-related activities received in period	4A	<p>A firm should submit the total number of complaints received in relation to credit-related activities undertaken by the firm which it has been required to deal with under the rules in DISP <u>during the reporting period. Any complaints about the firm's non-credit-related business should not be included here.</u></p>
Credit-related regulated activity carried on in relation to the greatest number of customers <u>which generated the highest amount of turnover</u> in reporting period	5A	<p>Selecting from the following options, a firm should identify which <i>credit-related regulated activity</i> generated the highest amount of turnover.</p> <ul style="list-style-type: none"> • Lending • Consumer hire • Not-for-profit debt counselling • Secondary credit broking • Other
<u>Total annual income as defined in FEES 4 Annex 11BR for the purposes of FCA fees reporting</u>	6A	<p>Firms should refer to <u>FEES 4 Annex 11BR</u> to calculate this figure.</p> <p><u>Firms which receive grants or funding for their activities should only include this information here when it relates specifically to credit-related activity.</u></p>

CCR008 – Credit broking websites

The purpose of this data item is to give the FCA an understanding of the ownership of websites used by firms undertaking the credit-related regulated activity of credit broking.

Where a firm has not acquired or disposed of a domain name in the reporting period, columns B and C should be left blank.

Column A: Domain name

A firm should record all website domain names held by it during the reporting period, regardless of whether they were acquired or disposed of during the reporting period.

The domain names should be the full website addresses, beginning with either http:// or https://

For example, <http://www.fca.org.uk>

Column B: If the firm acquired or first used the domain name during the reporting period, the date of acquisition or first use

If the website was purchased or used for the first time during the reporting period, the date of this should be entered here. Otherwise, this field should be left blank.

Column C: If the firm disposed of or ceased using the domain name during the reporting period, the date of disposal or cessation

If the firm stopped using or sold the website during the reporting period, the date of this should be entered here. Otherwise, this field should be left blank.

After SUP 16 Annex 39BG insert the following new annex. The text is not underlined.

SUP 16 Annex 40R Data items related to recovery and information for resolution plans

[text of annex is on the two following pages]

REP006 Recovery Plans

Group Reporting

1 Does the data reported in the Recovery Report cover more than one entity?

2 If yes, list the firm reference numbers (FRNs) and/or Legal Entity Identifiers (LEIs) of all additional firms included in this report.

A FRN	B LEI

Nil Return

3 If you wish to declare a nil return, enter the FRN, LEI or name of the group for the firm submitting on your behalf.

REP007 Resolution Plans

Group Reporting

1 Does the data reported in the Resolution Report cover more than one entity?

2 If yes, list the firm reference numbers (FRNs) and/or Legal Entity Identifiers (LEIs) of all additional firms included in this report.

A	B
FRN	LEI

Nil Return

3 If you wish to declare a nil return, enter the FRN, LEI or name of the group for the firm submitting on your behalf.

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Part 2: Comes into force on 21 March 2016**16.12 Integrated Regulatory Reporting**

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Regulated Activity Group 5

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- 16.12.18C R Additional applicable *data items*, reporting frequencies and submission deadlines referred to in *SUP* 16.12.4R are set out in the table below for a *firm* carrying on *home finance administration* or *home finance providing activities* in relation to *second charge regulated mortgage contracts*. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period.

Description of data item	Data item (note 1)	Frequency	Submission deadline
Analysis of second charge loans to customers	Section A3(a) <u>A4</u> MLAR	Quarterly	20 <i>business days</i>
Second charge business flow and rates	Sections <u>Section D1(a) and D2(a)</u> MLAR	Quarterly	20 <i>business days</i>
Second charge lending to individuals	Sections <u>Section E1(a) and E2(a)</u> MLAR	Quarterly	20 <i>business days</i>
Second charge lending – arrears analysis	Section F(a) <u>F1</u> MLAR	Quarterly	20 <i>business days</i>
Second charge mortgage administration – arrears analysis	Sections <u>Section H1(a) and H2(a)</u> MLAR	Quarterly	20 <i>business days</i>
...			

...

The following forms in SUP 16 Annex 19AAR (Mortgage Lenders & Administrators Return (MLAR) – sub-forms for second charge regulated mortgage activity) are deleted in their entirety and replaced with the forms shown below. The deleted text is not shown and the new text is not underlined:

A(3)a – Balance Sheet (second charge);

D(1)a – Second charge lending: Business flows & rates;

D(2)a – Second charge lending: Business flows;

E(1)a – Second charge loans to individuals: Income Multiple & LTV;

E(2)a – Second charge loans to individuals: Nature of loan and purpose;

F(1)a – Second charge lending: Arrears analysis;

F(2)a – Second charge lending: Arrears analysis;

H(1)a – Second charge mortgage administration: Arrears analysis; and

H(2)a – Mortgage administration: Arrears analysis.

MLA-A4 Analysis of second charge loans to customers

	Unsecured balances		Securitized balances		F	G
	A	B	C	D		
	Gross balances	Provisions	Net balances	Gross balances	Provisions	Net balances
Residential loans to individuals, of which						
1 Second (or subsequent) charge	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

MLA-D1 Second Charge Lending - Business flow and rates

Loans: Advances/Repayments

	A	B	C	D	E	F	G	H	I
	Balance at end of previous quarter	Advances made in quarter	Repayment of principal	Write offs in quarter	Other debits/(credits) and transfers (net)	Balance at end of quarter	Loans excluding overdrafts	Overdrafts	Overdrafts: Aggregate of credit limits
Residential loans to individuals, of which									
1 Second (or subsequent) charge									

Loans: Book movements

	Transactions in quarter included in 1E		Balance at end of quarter on loan assets subject to non-recourse funding	
	Loans sold	Loans securitised	Other	Total
Residential loans to individuals, of which				
2 Second (or subsequent) charge				

Loans: Interest rates

	Balances at end of quarter				Interest rates at end of quarter (to 2 decimal places)					
	Of which at:		Of which at:		All balances		Balances at fixed rates		Balances at variable rates	
	Fixed rates	Variable rates	Less than 2% above BBR	2 < 3% above BBR	3 < 4% above BBR	4% or more above BBR	%	%	%	%
	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)	(£000's)				
Second (or subsequent) charge										
3 Total book										
4 Advances in quarter										

Loans: Commitments

	A	B	C	D	E	F
	Commitments outstanding at end of previous quarter	Commitments made since end of previous quarter	Cancellations in quarter	Advances made in quarter	Other debits/(credits) and transfers (net)	Commitments outstanding at end of quarter
Residential loans to individuals, of which						
Second (or subsequent) charge						
5 New loan						
6 Remortgage						
7 Total						

MLA-E1 Second Charge Lending - Loans to Individuals

		A	B	C	D
		Gross advances in quarter : (amount) by LTV			
SINGLE income multiple		<= 75 %	Over 75 <= 90 %	Over 90 <= 95 %	Over 95 %
Second (or subsequent) charge mortgages					
1	Less than 2.50				
2	2.50 < 3.00				
3	3.00 < 3.50				
4	3.50 < 4.00				
5	4.00 or over				
6	Other				
7	TOTAL				
8	of which: Not evidenced				

		A	B	C	D
JOINT income multiple					
Second (or subsequent) charge mortgages					
9	Less than 2.00				
10	2.00 < 2.50				
11	2.50 < 2.75				
12	2.75 < 3.00				
13	3.00 or over				
14	Other				
15	TOTAL				
16	of which: Not evidenced				

		A	B	C	D
		Gross advance in quarter		Balances outstanding	
Nature of loan and purpose		Number	Amount	Number	Amount
Second (or subsequent) charge mortgages					
By credit history					
17	Impaired credit history				
18	Other				
19	TOTAL second (or subsequent) charge				

By payment type					
20	Repayment (capital & interest)				
21	Interest only				
22	Combined				
23	Other				
24	TOTAL second (or subsequent) charge				

By drawing facility					
Loans with extra drawing facility:					
25	(a) Loans including unused facility				
26	(b) Unused facility				
27	(c) Net loans (a-b)				
28	Loans with no extra drawing facility				
29	TOTAL second (or subsequent) charge				

By purpose					
House Purchase:					
30	Home improvement				
31	Debt consolidation				
32	Home improvement and debt consolidation				
33	Other				
34	TOTAL second (or subsequent) charge				

MLA-FI Second Charge Lending - Arrears Analysis

	A		B		C		D		E		F		G			
	Cases entering higher (i.e. more serious) arrears band in quarter		Amount of arrears		Balance outstanding		Position on all arrears cases at end of quarter		Amount of arrears		Balance outstanding		Performance of current arrears cases during the quarter (%)			
	Number	Amount of arrears	Balance outstanding	Number	Amount of arrears	Balance outstanding	Number	Amount of arrears	Balance outstanding	Number of cases for which there is in place:	A formal arrangement	A temporary concession	No concession arrangement			
Second (or subsequent) charge																
1 1.5 < 2.5 %																
2 2.5 < 5 %																
3 5.0 < 7.5 %																
4 7.5 < 10 %																
5 10% or more																
6 In possession																
7 TOTAL																
Arrears management																
<i>These cases no longer reported (i.e. not included in 1 to 7)</i>																
	A		B		C		D		E		F		G		H	
	Possession sales during quarter		Balance outstanding		Capitalisation of arrears cases in quarter		Amount of arrears		Balance outstanding		Number of cases for which there is in place:		A formal arrangement		No concession arrangement	
Residential loans to individuals, of which	Number	Balance outstanding	Number	Balance outstanding	Number	Amount of arrears	Balance outstanding	Number	Amount of arrears	Balance outstanding	A temporary concession	A formal arrangement	No concession arrangement			
8 Second (or subsequent) charge																

MLA-HI Second Charge Mortgage Administration - Arrears Analysis

	A		B		C		D		E		F		G			
	Cases entering higher (i.e. more serious) arrears band in quarter		Arrears entering higher (i.e. more serious) arrears band in quarter		Arrears band in quarter		Position on all arrears cases at end of quarter		Arrears cases at end of quarter		Arrears cases at end of quarter		Performance of current arrears cases during the quarter (%)			
	Number	Amount of arrears	Balance outstanding	Number	Amount of arrears	Balance outstanding	Number	Amount of arrears	Balance outstanding	Number	Amount of arrears	Balance outstanding	Number	Amount of arrears	Balance outstanding	Performance of current arrears cases during the quarter (%)
Second (or subsequent) charge mortgages																
1 1.5 < 2.5 %																
2 2.5 < 5 %																
3 5.0 < 7.5 %																
4 7.5 < 10 %																
5 10% or more																
6 In possession																
7 TOTAL																

Arrears management

	A		B		C		D		E		F		G		H	
	Cases no longer reported (i.e. not included in 1 to 7)		Arrears no longer reported (i.e. not included in 1 to 7)		Arrears no longer reported (i.e. not included in 1 to 7)		Arrears no longer reported (i.e. not included in 1 to 7)		Arrears no longer reported (i.e. not included in 1 to 7)		Arrears no longer reported (i.e. not included in 1 to 7)		Arrears no longer reported (i.e. not included in 1 to 7)		Arrears no longer reported (i.e. not included in 1 to 7)	
	Number	Balance outstanding	Number	Balance outstanding	Number	Balance outstanding	Number	Balance outstanding	Number	Balance outstanding	Number	Balance outstanding	Number	Balance outstanding	Number	Balance outstanding
Residential loans to individuals, of which																
8 Second (or subsequent) charge																

Part 3: Comes into force 31 March 2016

16 Reporting Requirements

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16 Annex 18AR Retail Mediation Activities Return ('RMAR')

Section C of the form is deleted in its entirety and replaced with the following. The deleted text is not shown and the new text is not underlined.

SECTION C: Client money and assets

11 Does your firm receive or hold money in the course of or in connection with its insurance mediation activity?

A	B	C

12 Has your firm elected under CASS 7.10.3R(1) or (2) to comply with CASS 7?

--

13 How does your firm hold money received in the course of or in connection with its insurance mediation activity? (select all that apply)

CASS 5 client money		As agent of insurer*
Statutory	Non-statutory	

14 Is your firm's CASS 5 client money held under the CASS 5.3 statutory trust or under one or more CASS 5.4 non-statutory trusts? (select all that apply)

* under a written risk transfer agreement and so not client money (see CASS 5.1.5R and CASS 5.2)

15 If non-statutory, has an auditor's confirmation of systems and controls been obtained? (as required by CASS 5.4.4R(2))

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16 Is client money invested or placed in anything other than a client bank account? (see CASS 5.5.14R)

--

During the reporting period what was the highest:

17 client money requirement (for money held as client money, taken from the firm's client money calculations)

18 account balance (for money held as client money, taken from the firm's records)

19 account balance for money held purely as agent of insurer (and not co-mingled with client money)

CASS 5 client money		As agent of insurer
Statutory	Non-statutory	

Questions 20 to 23 should be based on the firm's last client money calculation performed within the reporting period

20 Client money requirement as at end of the reporting period

21 Client money resource as at end of the reporting period

22 Surplus (+) or deficit (-) of client money resource against client money requirement

23 Adjustments made to withdraw an excess or rectify a deficit

CASS 5 client money	
Statutory	Non-statutory

Client money audit

24 Is your firm exempt from the client asset audit requirement?

--

25 If not exempt, have you obtained a client money audit in the last 12 months?

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26 What is the name of your firm's client money auditor?

--

27 According to your last audit report, what was the auditor's opinion on your firm's compliance with the client money rules as at period end date?

--

1 Have any notifiable client money issues been raised, either in the firm's last client assets audit report or elsewhere, that have not been notified to the FCA since the last reporting period for this return?

--

Client Assets

28 Does your firm hold any client documents or other assets (other than client money) in accordance with CASS 5.8?

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

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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.~~

...

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 holding client money* 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 compared (for example) to a firm that only holds money under risk transfer arrangements.~~

Note 1: a firm should complete section C of the RMAR for the money it receives or holds in the course of, or in connection with, its insurance mediation activity (see CASS 5).

Note 2: ~~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 C 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 C of the RMAR.~~

Note 3: a firm that receives or holds money for its MiFID business or designated investment business that is not MiFID business and holds money to which CASS 5 applies, may make an election under CASS 7.10.3R(1) or (2) to comply with CASS 7 for money it receives in the course of, or in connection with, its insurance mediation activity. Where a firm has made such an election, it should not complete section C of the RMAR, except to confirm that it holds money in connection with insurance mediation activities and has elected to comply with CASS 7.

Note 4: a firm (e.g., a property management firm) that complies with the Royal Institute of Chartered Surveyors (RICS) Members' Accounts rules or, in relation to a service charge, the requirement to segregate such money in accordance with section 42 of the Landlord and Tenant Act (LTA) 1987 is deemed to comply with CASS 5.3 to CASS 5.6, provided that it satisfies the requirements of CASS 5.5.49R to the extent that the firm will hold money as trustee or otherwise on behalf of its clients. Such a firm should only complete the questions in section C of the RMAR indicated in the guide for completion of individual fields below.

Note 5: 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 C of the RMAR.

Note 3 6: *firms* should complete all applicable fields.

Section C: guide for completion of individual fields

<u>Question</u>	<u>Guidance notes</u>
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 <i>firms</i> are required to report significant issues to the FCA (see SUP 3.8.10G and SUP15.3). 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 <i>insurance undertaking</i>
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 <i>client money</i> 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 <i>client money</i> 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 <i>client money</i> 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 <i>client money</i> other than in a bank account. See CASS 5.5.14. (Note: this is only permitted for <i>client money</i> 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.
Does your firm receive or hold money in the course of, or in	<u>Firms should answer 'yes' here if they hold money such that CASS 5.1 to CASS 5.6 applies (see CASS 5.1.1R).</u>

<u>connection with, its <i>insurance mediation activity</i>?</u>	<u>Firms to which note 4 applies should also answer ‘yes’.</u>
<u>Has your <i>firm</i> elected under CASS 7.10.3R(1) or (2) to comply with CASS 7?</u>	<u>See note 3.</u>
<u>How does your <i>firm</i> hold <i>money</i> received in the course of, or in connection with, its <i>insurance mediation activity</i>?</u>	<p><u>You should answer ‘yes’ or ‘no’ under each of the headings, as appropriate.</u></p> <p><u>CASS 5 <i>Client money</i>:</u> <u>see CASS 5.1</u></p> <p><u>As agent of insurer:</u> <u>see CASS 5.1.5R and CASS 5.2 – holding money as agent of insurance undertaking under a written risk transfer agreement and not as <i>client money</i>.</u></p> <p><u>Firms to which note 4 applies should select ‘no’ under each heading, unless they hold <i>money</i> when acting both in the capacity of an insurance broker and of a property management company.</u></p> <p><u>A <i>firm</i> may answer ‘yes’ under both headings.</u></p>
<u>Is your <i>firm's</i> CASS 5 <i>client money</i> held under the CASS 5.3 statutory trust or under one or more CASS 5.4 non-statutory trusts?</u>	<p><u>You should indicate here the type of trust under which <i>client money</i> is held:</u></p> <p><u>Statutory trust – see CASS 5.3</u></p> <p><u>Non-statutory trust – see CASS 5.4</u></p> <p><u>A <i>firm</i> may answer ‘yes’ under both headings.</u></p>
<u>If non-statutory, has an auditor’s confirmation of systems and controls been obtained?</u>	<p><u>This refers to the requirement in CASS 5.4.4R(2) that the <i>firm</i> must obtain and keep current, written confirmation from its auditor that the <i>firm</i> has adequate systems and controls in place to meet the requirements under CASS 5.4.4R(1).</u></p> <p><u>This requirement is separate to the annual audit requirement in SUP 3.10.</u></p>
<u>Is <i>client money</i> invested or placed in anything other than a <i>client bank account</i>?</u>	<p><u>You should indicate ‘yes’ here if the <i>firm</i> has invested any <i>client money</i> other than in a <i>client bank account</i>.</u></p> <p><u>See CASS 5.5.14R which states that a <i>firm</i> may satisfy the requirement to segregate <i>client money</i> by segregating or arranging for the segregation of <i>designated investments</i> with a value at least equivalent to such <i>money</i> as would otherwise be segregated.</u></p> <p><u>This means of segregation is only permitted for <i>client money</i> held under a non-statutory trust.</u></p>

<p><u>Highest <i>client money</i> requirement (for money held as <i>client money</i>, taken from the <i>firm's client money</i> calculations)</u></p>	<p>See <u>CASS 5.5.63R and CASS 5.5.66R to CASS 5.5.67R</u></p> <p><u>A <i>firm</i> should enter the highest <i>client money</i> requirement calculated during the period. This would be taken from the <i>firm's client money</i> calculations performed during the period.</u></p> <p><u>Only the single highest <i>client money</i> requirement figure should be entered, not the aggregate of the <i>client money</i> requirements calculated during the period.</u></p>
<p><u>Highest account balance (for money held as <i>client money</i>, taken from the <i>firm's</i> records)</u></p>	<p><u>This refers to <i>money</i> held as <i>CASS 5 client money</i> under a statutory trust or non-statutory trust(s). The amount should be taken from the <i>firm's</i> own records and should include <i>client money</i> held as agent of insurer which is co-mingled with other <i>client money</i> in a <i>client money</i> account (see <u>CASS 5.1.5AR</u>).</u></p> <p><u>If your <i>firm</i> segregates <i>designated investments</i> under a non-statutory trust (see <u>CASS 5.5.14R</u>), you should also include the value of these investments.</u></p> <p><u>If your <i>firm</i> operates both statutory and non-statutory trust accounts, you should enter two balances: one for the highest balance in statutory trust accounts and one for the highest balance in non-statutory trust accounts.</u></p>
<p><u>Highest account balance for money held purely as agent of insurer (and not co-mingled with <i>client money</i>)</u></p>	<p><u>This refers to money held purely as agent of insurer under risk transfer agreements (see <u>CASS 5.2</u>) and held separate to any <i>CASS 5 client money</i>. The amount should be taken from the <i>firm's</i> own records.</u></p> <p><u>If <i>money</i> held as agent of insurer is co-mingled with <i>CASS 5 client money</i> in a <i>client bank account</i> (see <u>CASS 5.1.5AR</u>), it should be reported in the previous field and therefore should not be reported in this field.</u></p> <p><u>The data reported in questions 20 to 23 should be taken from the <i>firm's client money</i> calculation performed closest, and prior, to the end of the reporting period.</u></p>
<p><u><i>Client money</i> requirement as at end of the reporting period</u></p>	<p>See <u>CASS 5.5.63R and CASS 5.5.66R to CASS 5.5.68R</u></p>
<p><u><i>Client money</i> resource as at end of the reporting period</u></p>	<p>See <u>CASS 5.5.63R and CASS 5.5.65R</u></p>
<p><u>Surplus (+) or deficit (-) of <i>client money</i> resource against <i>client money</i> requirement</u></p>	<p>See <u>CASS 5.5.63R</u></p> <p><u>This should be the difference between the <i>client money</i> requirement and the <i>client money</i> resource.</u></p>
<p><u>Adjustments made to withdraw an excess or rectify a deficit</u></p>	<p>See <u>CASS 5.5.63R</u></p> <p><u>This should be the amount of money paid into or</u></p>

	<p>withdrawn from the <i>client bank account</i> following the <i>client money</i> calculation performed closest, and prior, to the end of the reporting period.</p>
<p><u>Is your <i>firm</i> exempt from the client asset audit requirement?</u></p>	<p>See <i>SUP 3.1.2R</i> Note 4</p> <p>If the <i>firm</i> does not hold <i>client money</i> or other client assets in relation to <i>insurance intermediation activities</i> or only holds up to, but not exceeding, £30,000 of <i>client money</i> under a statutory trust arising under <i>CASS 5.3</i> state ‘yes’ here.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p>
<p><u>If not exempt, have you obtained a client assets audit in the last 12 months?</u></p>	<p>See <i>SUP 3.1</i> to <i>SUP 3.7</i> and <i>SUP 3.11</i>.</p> <p>If the <i>firm</i> has obtained a client assets audit in the last 12 months enter ‘yes’. If it has not, enter ‘no’.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p>
<p><u>What is the name of your <i>firm's</i> client assets auditor?</u></p>	<p>Enter the name of the <i>firm's</i> auditor as it appears on the Financial Reporting Council’s register of statutory auditors.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p>
<p><u>According to your last client assets audit report, what was the auditor’s opinion on your <i>firm's</i> compliance with the <i>client money rules</i> as at the period end date?</u></p>	<p>This refers to the opinion at the end of the audit period.</p> <p>The <i>firm</i> should select from ‘clean’, ‘qualified’ or ‘adverse’, as appropriate.</p> <p>In this question, the period end date refers to the period covered by the audit report and will therefore refer to a different period to the reporting period for this return.</p> <p><i>Firms</i> to which note 4 applies should answer this question.</p>
<p><u>Have any notifiable <i>client money</i> issues been raised, either in the <i>firm's</i> last client assets audit report or elsewhere, that have not been notified to the <i>FCA</i> since the last reporting period for this return?</u></p>	<p>Answer yes if the <i>firm</i> has not, since the last reporting period for this return, notified the <i>FCA</i> of any breaches in relation to the following notification requirements:</p> <p><i>CASS 5.5.61R</i>: failure of a bank, broker or <i>settlement agent</i>.</p> <p><i>CASS 5.5.76R</i>: failure to perform calculations or reconciliation.</p> <p><i>CASS 5.5.77R</i>: failure to make good a <i>shortfall</i> by the close of business on the day the calculation is performed.</p>
<p><u>Does your <i>firm</i> hold any client documents or other assets (other than <i>client money</i>) in accordance with <i>CASS 5.8</i>?</u></p>	<p>If the <i>firm</i> is subject to the requirements of <i>CASS 5.8</i>, state ‘yes’ here.</p>