FINANCIAL SERVICES

Financial Services Authorty (FSA) Updates

The following proposed amendments in Chapter 7 of the Collective Investments Schemes Sourcebook (COLL) relate to rules for winding up AUTs and to align these more closely with those for ICVC.

Proposed changes to Collective Investment Schemes Sourcebook (COLL)

The following proposed amendments in Chapter 7 of COLL relate to rules for winding up Authorised Unit Trusts (AUTs) and to align these more closely with those for Investment Companies with Variable Capital (ICVC.)

- A new guidance table in COLL 7.4 setting out the main steps when winding up or terminating a scheme;
- Clarification that there is a requirement to notify unit holders in writing of the commencement of winding up or termination;
- Provide further details setting out the requirements of producing final or termination accounts and clarifying that these must be audited;
- Guidance in respect of the contents these final accounts; and
- Clarifying that on completion of winding up an AUT a request must be sent to the FSA requesting the authorisation order to be revoked.

Regulatory Reporting for Investment Firms

Proposed amendments/clarifications to FSA Handbook Supervision Manual - SUP Chapter 16 on integrated regulatory reporting for investment firms:

- UK consolidation groups should report on a quarterly basis rather that semi-annually as previously instructed;
- Operational risk should be reported 6 months after a firms accounting date; and
- Changes to the guidance for certain data elements and internal validations, to avoid confusion and double counting. The details are set out by data item and type of firm in Consultation Paper (CP) 10/01 (Chapter 3 and Appendix)

Regulatory fees

The FSA is proposing the following significant changes to regulatory fees for 2010/11:

- To introduce a minimum fee of £1,000 for **all** firms; and
- Change the way the variable periodic fees are calculated, moving to a straight-line recovery of costs as set out below.

The total supervisory costs to be recovered from variable fees will be allocated to each fee-block on the basis of the forecasted cost of resources for each particular block.

impact, the size of the business, also taking into consideration the amount of permitted business.

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Each fee-block has five tariff bands. The allocation of firms to tariff bands is based on the risk-impact and size of business (deposits/funds under management/gross income). The variable fee a firm will have to pay will be larger the higher the risk

Intermediaries' fees will continue to be determined based on the number of approved persons within the business. However, an introduction of alternative measurements has been considered but no change is planned during the next couple of years.

Collective investments schemes are not affected by the changes above. Instead an increase of max 1% is being proposed.

The proposal will become effective from 1 April 2010. High rate fee payers will be invoiced on account in April, with the balance due in August. All other firms will be invoiced in June.

Specific advice should be obtained before taking action, or refraining from taking action, on any of the subjects covered

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