

## **Implementation of the UCITS V Directive**

### **Financial Conduct Authority (FCA)**

**RPC rating: validated**

#### **Description of the measure**

The assessment explains that the Financial Conduct Authority (FCA) has introduced two measures that go beyond the minimum requirements of the UCITS V Directive. The first relates to minimum capital requirements for non-bank depositaries. The second relates to changes to reporting requirements for authorised fund managers (AFMs), who are required to report to the FCA on their derivative use on an annual basis. To assist AFMs in this, the FCA has introduced a report template for firms to use.

#### **Impacts of the measure**

The assessment argues that firms are already subject to a higher minimum capital requirement under existing domestic rules than required under the Directive, and this level will not change. Thus, the capital requirements will have no additional impact on business. With regard to the changes to reporting requirements, the FCA explains that currently there are 11 AFMs who would be subject to the new rules. The assessment states that the proposal will have a limited impact as the FCA is not seeking new information but instead requiring that a standard form is used for reporting. It estimates that costs to business will vary between £5,000 and £10,000, resulting in an annual estimate of £100,000 for the sector.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.1 million. This will be a qualifying regulatory provision that will score under the business impact target.

#### **Quality of submission**

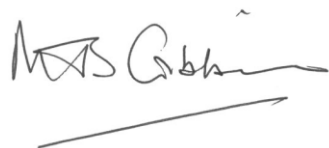
The assessment clearly explains the amendments proposed and the impact of these upon business. To support its estimates, the FCA has referred to its full cost benefit analysis (CBA) and related consultants' report. The assessment is very brief, and would have benefited by giving a slightly more detailed description of the analysis relating to reporting requirements.

### Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£0.1 million
Business net present value	-£0.9 million

### RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated <sup>1</sup>	£0.1 million
Business Impact Target (BIT) Score <sup>1</sup>	£0.5 million



**Michael Gibbons CBE**, Chairman

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<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.