

# Handbook Notice No 65

April 2019

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# 1 Overview

## Legislative changes

- 1.1 On 28 March 2019, the Board of the Financial Conduct Authority made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No	Changes effective
<u>18/37</u>	Conduct of Business (Binary Options) Instrument 2019	2019/15	2.4.2019

- 1.2 On 9 April 2019, the Board of the Financial Conduct Authority made the relevant changes to the Binding Technical Standards as set out in the instruments listed below.

CP	Title of instrument		Changes effective
N/A	Financial Conduct Authority Technical Standards (Bank Recovery and Resolution Directive) (EU Exit) Instrument 2019	2019/57	Exit Day, as defined in the EU (Withdrawal) Act 2018
N/A	Financial Conduct Authority Technical Standards (Capital Requirements Directive and Regulation) (EU Exit) Instrument 2019	2019/58	Exit Day, as defined in the EU (Withdrawal) Act 2018
N/A	Financial Conduct Authority Technical Standards (Financial Conglomerates Directive) (EU Exit) Instrument 2019	2019/59	Exit Day, as defined in the EU (Withdrawal) Act 2018
N/A	Technical Standards (Markets in Financial Instruments Directive) (EU Exit) (No 3) Instrument 2019	2019/64	Exit Day, as defined in the EU (Withdrawal) Act 2018
N/A	Technical Standards (European Market Infrastructure Regulation) (EU Exit) (No 3) Instrument 2019	2019/65	Exit Day, as defined in the EU (Withdrawal) Act 2018



N/A	Technical Standards (European Market Infrastructure Regulations) (EU Exit) (No 4) Instrument 2019	2019/66	Exit Day, as defined in the EU (Withdrawal) Act 2018
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- 1.3 On 16 April 2019, the Executive Regulation and Policy Committee of the Financial Conduct Authority made the relevant changes to the Handbook as set out in the instrument listed below.

CP	Title of instrument	Instrument No	Changes effective
<u>18/24</u>	Supervision Manual (Supervisory Principles Amendment) Instrument 2019	2019/67	24.4.19

## Summary of changes

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- 1.4 The legislative changes referred to above are listed and briefly described in Chapter 2 of this Notice.

## Feedback on responses to consultations

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- 1.5 Consultation feedback is published in separate Policy Statements.

## FCA Board dates

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- 1.6 The table below lists forthcoming FCA board meetings for 2019. These dates are subject to change without prior notice.

May	30
June	27
July	25
September	26
October	24
November	21
December	12



## 2 Summary of changes

- 2.1 This Handbook Notice describes the changes to the Handbook, Binding Technical Standards and other material made by the Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 28 March and 9 April 2019, and by the FCA Executive Regulation and Policy Committee, under powers delegated to it by the FCA Board, on 16 April 2019. Where relevant, it also refers to the development stages of that material, enabling readers to look back at developmental documents if they wish. For information on changes made by the Prudential Regulation Authority (PRA) please see <https://www.bankofengland.co.uk/news/prudential-regulation>.

### ***Conduct of Business (Binary Options) Instrument 2019 (FCA 2019/15)***

- 2.2 Following consultation in Consultation Paper (CP) 18/37,<sup>1</sup> the FCA Board has made changes to the FCA Handbook section listed below:

#### **COBS 22**

- 2.3 In summary, this instrument makes changes to the Handbook by creating rules prohibiting the sale, marketing and distribution of binary options to retail consumers, following evidence of consumer harm from the inherent risks of these products and the poor conduct of the firms selling them.
- 2.4 This instrument came into force on **2 April 2019**. Feedback has been published in a separate Policy Statement.<sup>2</sup>

### ***Binding Technical Standards Instruments (FCA 2019/57-59 and 64-66)***

- 2.5 The FCA Board has made changes to certain Binding Technical Standards (BTS) relating to the **European Market Infrastructure Regulation**, the **Markets in Financial Instruments Directive**, the **Bank Recovery and Resolution Directive**, the **Capital Requirements Directive and Regulation** and the **Financial Conglomerates Directive**.
- 2.6 In summary, these instruments make certain BTS that formed part of our Brexit consultations but could not be made with the initial group of BTS which we made and published in March 2019, as the FCA was not in a position to make these until parallel versions were made by the Prudential Regulation Authority. They also make a number of updates

<sup>1</sup> [CP18/37 'Product intervention measures for retail binary options' \(December 2018\)](#)

<sup>2</sup> [PS19/11 'Product intervention measures for retail binary options' \(March 2019\)](#)



to the BTS we published in March, to reflect amendments made to the relevant BTS by the EU in April 2019.

- 2.7 These instruments come into force on **Exit Day**, as defined in the European Union (Withdrawal) Act 2018.

### ***Supervision Manual (Supervisory Principles Amendment) Instrument 2019***

- 2.8 Following consultation in Consultation Paper (CP) 18/24,<sup>3</sup> the FCA Executive Regulation and Policy Committee has made changes to the FCA Handbook section listed below:

#### **SUP 1A**

- 2.9 In summary, this instrument makes changes to the Handbook to update the principles which guide the FCA's supervisory work and help us to prioritise our interventions in order to deliver our objectives. The supervisory principles are complementary to the Principles for Businesses, which outline our expectations of firms.<sup>4</sup>
- 2.10 This instrument came into force on **24 April 2019**. Further information relating to these rule changes, and a Feedback Statement, has been published in a separate FCA corporate document.<sup>5</sup>

## **3 Additional information**

### **Making corrections**

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- 3.1 The FCA reserves the right to make corrective or clarificatory amendments to the instruments made at the Board meeting without further consultation should this prove necessary or desirable.

### **Publication of Handbook material**

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- 3.2 This Notice is published on the FCA website and is available in hardcopy.

<sup>3</sup> [Quarterly Consultation No 22, Chapter 3, 'Changes to our Supervisory Principles' \(September 2018\)](#)

<sup>4</sup> <https://www.handbook.fca.org.uk/handbook/PRIN/2/1.html>

<sup>5</sup> ['FCA Mission: Approach to Supervision' \(April 2019\)](#)



- 3.3 The formal legal instruments (which contain details of the changes) can be found on the FCA's website listed by date, reference number or module at [www.handbook.fca.org.uk/instrument](http://www.handbook.fca.org.uk/instrument). The definitive version of the Handbook at any time is the version contained in the legal instruments. The definitive version of the Binding Technical Standards (BTS) is the EU version as in force at Exit Day, as amended by the published FCA legal instrument.
- 3.4 The changes to the Handbook and to the BTS are incorporated in the consolidated Handbook and BTS text on the website as soon as practicable after the legal instruments are published.
- 3.5 The consolidated text of the Handbook can be found on the FCA's website at [www.handbook.fca.org.uk/](http://www.handbook.fca.org.uk/). A print version of the Handbook is available from The Stationery Office's shop at: [www.tsoshop.co.uk/Financial-Conduct-Authority-FCA/](http://www.tsoshop.co.uk/Financial-Conduct-Authority-FCA/).
- 3.6 Copies of the FCA's consultation papers referred to in this Notice are available on the FCA's website.

### **Obligation to publish feedback**

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- 3.7 This Notice, and the feedback to which paragraph 1.5 refers, fulfil for the relevant text made by the Board the obligations in section 138I(4) and (5) and similar sections of the Financial Services and Markets Act 2000 (the Act). These obligations are: to publish an account of representations received in response to consultation and the FCA's response to them; and to publish (where applicable) details of any significant differences between the provisions consulted on and the provisions made by the Board, with a cost benefit analysis and a statement under section 138K(4) of the Act if a proposed altered rule applies to authorised persons which include mutual societies.

### **Comments**

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- 3.8 We always welcome feedback on the way we present information in the Handbook Notice. If you have any suggestions, they should be sent to [handbookproduction@fca.org.uk](mailto:handbookproduction@fca.org.uk) (or see contact details on the back cover).

## Handbook Notice 65

This Handbook Notice describes the changes to the Handbook, Binding Technical Standards (BTS) and other material made by the Financial Conduct Authority (FCA) Board under its legislative and other statutory powers on 28 March and 9 April 2019, and by the FCA Executive Regulation and Policy Committee, under powers delegated to it by the FCA Board, on 16 April 2019.

It also contains information about other publications relating to the Handbook and BTS and, if appropriate, lists minor corrections made to previous instruments made by the Board.

Contact names for the individual modules are listed in the relevant Consultation Papers and Policy Statements referred to in this Notice.

General comments and queries on the Handbook and BTS can be addressed to:

Colin Shields

Tel: 020 7066 0671

Email: [colin.shields@fca.org.uk](mailto:colin.shields@fca.org.uk)

However, queries on specific requirements in the Handbook and Technical Standards should be addressed first to your normal supervisory contact in the FCA. For most firms this will be the FCA's Contact Centre:

Tel: 0300 500 0597

Fax: 0207 066 0991

Email: [firm.queries@fca.org.uk](mailto:firm.queries@fca.org.uk)

Post: Contact Centre

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