

UK Financial Services Authority (FSA) Updates Guide to the New Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) Handbooks

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On February 19, the UK Financial Services Authority (FSA) published an updated “one-minute guide” summarizing the changes to the FSA Handbook that will come into effect when the FSA’s two successor regulatory bodies, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), acquire their legal powers on April 1.

The guide confirms that the FSA intends to publish the FCA and the PRA Handbooks during March. The FSA expects to publish the designation and editorial changes online in early March. The remaining substantive changes that have been subject to FSA consultation will be published later in March, together with the relevant FCA and PRA Policy Statements.

The new FCA and PRA Handbooks will reflect the new regulatory regime (for example, references to the FSA will be replaced with the appropriate regulator). In some areas more substantive changes will be made to reflect the existence of the two regulators and their roles and powers as successors to the FSA. This will include the future processes for obtaining permissions, passporting, controlled functions, threshold conditions and enforcement powers.

One-minute guide – Handbooks for the PRA and the FCA

This guide summarises the changes to the FSA Handbook that will come into effect when the two new regulatory bodies, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), acquire their legal powers.

What is happening to the FSA Handbook?

At legal cutover, the FSA Handbook will be split between the FCA and the PRA to form two new Handbooks, one for the PRA and one for the FCA. Most provisions in the FSA Handbook will be incorporated into the PRA’s Handbook, the FCA’s Handbook, or both, in line with each new regulator’s set of responsibilities and objectives.

Users of the Handbook will be able to access the following online:

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1. the PRA Handbook, displaying provisions which apply to PRA-regulated firms;
 2. the FCA Handbook, displaying all provisions which apply to FCA-regulated firms; and
 3. to support the transition, a combined view which will show the provisions of both Handbooks, with clear labels indicating which regulator applies a provision to firms.

The new Handbooks will reflect the new regulatory regime (for example, references to the FSA will be replaced with the appropriate regulator), and in some areas more substantive changes will be made to reflect the existence of the two regulators, their roles and powers. This includes such aspects as the future processes for permissions, passporting, controlled functions, threshold conditions and enforcement powers. The more substantive changes are being consulted on before the PRA and the FCA acquire their legal powers.

Changes to the FSA Handbook as a result of EU legislation and FSA policy initiatives will continue throughout this work. After acquiring their powers, the FCA and the PRA will amend their own suites of policy material as independent bodies in accordance with the processes laid down in the Financial Services Bill, including cooperation between them and external consultation. As set out in the [PRA Approach Documents](#), the PRA will, over time, replace the Handbook with a PRA rulebook.

What does this mean for firms?

This approach to the Handbooks for the FCA and the PRA has been planned to ensure a safe transition for firms and the new regulators as the new regime is introduced.

Firms will have a new regulator or regulators, and will consequently need to assess how the new Handbooks of these bodies will apply to them. Dual regulated firms will need to look to both the PRA and the FCA Handbooks, and FCA-only regulated firms to the FCA Handbook.

Final steps to incorporating the changes in the Handbook

We plan to publish the new FCA and PRA Handbooks online in the month ahead of 1 April, to give firms time to familiarise themselves with the new Handbooks. We expect to publish the designation and editorial changes online in early March. Later in March we will publish the remaining substantive changes we have consulted on, together with the relevant FCA and PRA Policy Statements.

Alongside the publication, we will publish material on how to interpret the application of the Handbooks, where this is not dealt with in the Handbooks themselves. The FSA Handbook will remain in force until 1 April.

The Tailored, Focus-On and Personalised Handbooks will be removed from the website when the FCA and PRA Handbooks are published. The facility for creating your own Personalised Handbook was removed from the FSA website in December.

We will publish further communications in March to help firms prepare for regulation by the FCA and PRA.

Where can I find out more?

We will keep firms up-to-date on changes to the Handbook as the new regulators are being legally created. Firms can access details of the transition to the [PRA](#) and the [FCA](#).

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