Statement of policy with respect to the making of temporary product intervention rules

Chapter 2

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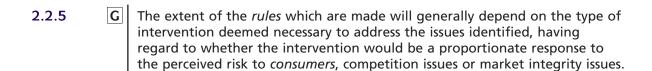
2.2 General rule making and product intervention rules

2.2.1 G The Act empowers the FCA to make general rules as appear necessary or expedient for the purpose of advancing one or more of its operational objectives.

[Note: see section 137A of the *Act*]

- G 2.2.2 The Act also provides that the FCA may use its general rule-making power to make product intervention rules prohibiting authorised persons from, among other things, entering into specified agreements (section 137D of the Act). These rules may be made to advance:
 - (1) the consumer protection objective; or
 - (2) the competition objective; or
 - (3) the market integrity objective.
- 2.2.3 Section 137D(2) of the Act sets out that the FCA may prohibit authorised persons from:
 - (1) entering into specified agreements with any person or specified person (specified person means a person who meets the description specified by FCA rules);
 - (2) entering into specified agreements with any person or specified person unless requirements specified in the rules have been satisfied;
 - (3) doing anything that would or might result in the entering into of specified agreements by persons or specified persons, or the holding by them of a beneficial or other kind of economic interest in specified agreements; and
 - (4) doing anything within paragraph (3) unless requirements specified in the rules have been satisfied.
- 2.2.4 Section 137D of the Act makes it clear that a range of options would be available to us in making rules prohibiting authorised persons from entering into specified agreements.

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- 2.2.6 G Rules may include:
 - (1) requiring certain product features to be included, excluded or changed; or
 - (2) requiring amendments to promotional materials; or
 - (3) the imposition of restrictions on sales or marketing of the product; or
 - (4) in more serious cases, a ban on sales or marketing of a product in relation to all or some types of *client*.
- Where the product is provided by a business outside of the *UK*, *rules* may be made targeting *regulated activities* by *authorised persons* in the *UK* that would lead to a specified agreement being formed.

[Note: see sections 137D(2)(c) and (d) of the Act]