

[Call for Input](#)
**Review of FCA requirements
following the introduction of the Consumer Duty**

-

ICMA response

EXECUTIVE SUMMARY

The bond market's exclusion from the Consumer Duty further to the Duty's inclusion of PRIIPs and MiFID product governance elements also justifies exclusion from the main PRIIPs and MiFID product governance regimes.

1. **Introduction** – ICMA welcomes the opportunity to provide input, from the perspective of the international mainstream bond markets, on FCA requirements following the introduction of the Consumer Duty.

Question 3: Are there other areas in our rules or guidance, beyond those with an overlap with the Duty, where we should consider simplification or removal?

2. **Bond market exclusion from Consumer Duty scope** – ICMA [previously stated](#) that the scope of the Consumer Duty set out in FCA's final [Policy Statement \(PS22/9\)](#) was much improved compared to the initial proposals set out in FCA's prior [Consultation Paper \(CP21/36\)](#) that ICMA had [responded](#) to in February 2022 (see further below) – in terms of clear exclusions for:

- institutional bond activity, pursuant to the [“non-retail financial instrument” definition](#) (notably in its paragraph (2) regarding a £50,000 minimum denomination) – initially set out at pages 3 to 4 of PS22/9's Appendix 1; and
- listed retail bonds, pursuant to an exception to the [“retail market business” definition](#) (in its paragraph (3)) – initially set out at pages 4 to 6 of PS22/9's Appendix 1.

(As a result, ICMA's response technically relates to Question 3 of the Call for Input.)

3. **Rationale for such Consumer Duty exclusion / PRIIPs and MiFID product governance elements** – ICMA's February 2022 response had welcomed the FCA's general intention to exclude:
- (a) vanilla bonds from the scope of the proposed consumer duty (that inter alia included elements of both the PRIIPs and MiFID product governance regimes), as some investor protection measures (notably the PRIIPs and MiFID product governance regimes) do not properly address “flow” securities markets and have diminished borrowers' appetite to offer bonds to retail investors; and

- (b) institutional/wholesale bond markets from the scope of the new consumer duty, as these have been reliably providing trillions in financing to Europe's economy over the years and care needs to be taken not to disrupt them.
4. **Such exclusion rationale carrying over to PRIIPs/CCIs and MiFID product governance regimes** – The above rationale for excluding bond markets from the Consumer Duty applies equally to excluding bond markets from the CCIs (PRIIPs replacement) and MiFID product governance regimes.
 5. **CCIs (PRIIPs replacement) regime** – ICMA has previously set out its expectations regarding bond market exclusion from the CCIs regime in its March 2023 [response](#) to FCA's *Future Disclosure Framework discussion paper (DP22/6)* and in its January 2024 [technical feedback](#) on HMT's earlier [near-final CCIs statutory instrument](#). In this respect it has been encouraging to see, in the recent [revised draft CCIs statutory instrument](#), an explicit exclusion (at Rule 4(2)(j)) from the CCIs definition for debt securities to be specified by the FCA. (ICMA understands the definitions and exemptions in Regulation 4 are expected to carry through the SI and so do not need be explicitly referenced in the designated activities definitions in Regulation 5.)
 6. **MiFID product governance regime** – ICMA has previously set out its expectations regarding bond market exclusion from the EU's MiFID product governance regime in its May 2020 [response](#) to the European Commission's MiFID review [consultation](#) (summarised in this ICMA July 2020 [Quarterly Report article](#)) and its August 2023 [feedback](#) on the European Commission's [proposals](#) to amend the investor protection aspects of MiFID. This applies equally to the UK's MiFID product governance regime. (And just regarding the point raised at p.18 of the Call for Input, the bond markets do not involve complex manufacturer-distributor chains – there is an initial offering involving the issuer, with subsequent secondary trading being independent.)
-
-

ICMA contact

Ruari Ewing: Ruari.Ewing@icmagroup.org

International Capital Market Association

ICMA Brussels | Avenue des Arts 56, 1000 Brussels | T: +32 2 801 13 88

ICMA London | 110 Cannon Street, London EC4N 6EU | T: +44 20 7213 0310

ICMA Hong Kong | Unit 3603, Tower 2, Lippo Centre, 89 Queensway, Hong Kong | T: +852 2531 6592

ICMA Paris | 25 rue du Quatre Septembre, 75002 Paris | T: +33 1 8375 6613

ICMA Zurich | Dreikönigstrasse 8, 8002 Zurich | T: +41 44 363 4222

www.icmagroup.org