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RWA Group Summary & Commentary
on FSA Consultation Papers (CP),
Discussion Papers (DP & FS)
and Policy Statements (PS)

Oct – Dec 2009

www.rwagroup.co.uk

01604 709509

helpdesk@rwagroup.co.uk

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CONTACT:

Terence Clark FCoI DipFSM

Broker Services Account Manager

M: 07595 120 972

E: terence.clark@rwagroup.co.uk

W: www.rwagroup.co.uk



Terence joined RWA in 2008, after spending 6 years as Group Compliance Manager with a large Manchester plc GI broker where he was responsible for FSA compliance for 10 offices. Terence qualified as a Fellow of the Compliance Institute in 2006, has previously chaired the BIBA Compliance Forum and served on the BIBA Manchester regional executive.

Consultation Papers

Oct
2009

Listing regime review

CP09/24

This paper sets out amendments to the Listing Rules and FSA response to the feedback received to the previous consultation. These changes relate to the restructuring of the Listing Regime in order to make it clearer for all market participants.

FSA have also included some consultation on two further areas, so are asking for more feedback.

The CP will be of interest to all firms issuing, advising on, investing in or dealing with UK-listed securities

Oct
2009

Quarterly consultation (No.22)

CP09/25

In this paper FSA invite comments on miscellaneous amendments to the Handbook. It proposes amendments to:

- the Fees manual (FEES) for application fees for guidance or permission to use one of the advanced prudential calculation approaches under the Capital Requirements Directive (CRD);
- the Perimeter Guidance manual (PERG) for the introduction of legislation for the regulation of 'alternative finance investment bonds' (sukuk); and
- various modules of the Handbook, due to the implementation of BIPRU 12 (liquidity standards).

This paper is relevant to banks, building societies and certain investment firms affected by the CRD.



Consultation Papers

Oct 2009 [Regulatory fees and levies: policy proposals for 2010/11](#)
CP09/26

Following a review of its approach for determining the annual fees that firms pay, the FSA is consulting on a number of measures to ensure that fees continue to be set in a fair way, and to make the basis for calculating fees easier for firms to understand, including:

- Setting a standard 'minimum fee' that all firms will have to pay to cover the basic cost of being regulated;
- Ensuring that 'variable' fees over and above this basic minimum amount increase in direct relation to a firm's size – with the result that fees for the largest firms reflect the greater regulatory engagement they receive.

This will be of interest to all regulated firms.

Oct 2009 [A review of the Credit Union Sourcebook \(CRED\)](#)
CP09/27

Outlines FSA proposed amendments to the CRED sourcebook.

This will be of interest to all regulated Credit Unions.

Nov 2009 [Listing Regime review Consultation on changes to the listing categories consequent to CP09/24](#)
CP09/28

This paper outlines proposals to change the various categories under which firms are listed.

This will be of issue to any firms seeking a quoted listing and their advisers.



Consultation Papers

Dec
2009

Capital planning buffers

CP09/30

In CP08/24 FSA proposed specific measures to improve stress testing in firms. To respond appropriately to requests for more information on the capital planning stress under Pillar 2, this CP proposes further minor Handbook changes to BIPRU to clarify the approach to setting capital planning buffers (CPB).

This paper will be of primary interest to banks, building societies and Capital Requirements Directive (CRD) investment firms;

Dec
2009

Delivering the Retail Distribution Review

CP09/31

As FSA publish The Consultation Paper – Delivering the Retail Distribution Review: Professionalism; corporate pensions; and applicability of RDR proposals to pure protection business – here FSA summarise how their proposals might affect IFA / Investment firms

This paper is of main interest to IFA firms and their customers. However, GI firms selling pure protection policies may wish to take note as it introduces the concept of the RDR into the GI arena.

Discussion Papers

Oct
2009

Mortgage Market Review

DP09/3

In this paper, the FSA set out their thoughts on how the mortgage market regulation could be changed, partly in response to the current economic climate.

ban self-certification and require income verification for all mortgages;

- make lenders ultimately responsible for affordability assessments;

- prescribe the affordability assessments which lenders must make;

- require affordability of interest-only mortgages to be assessed on a capital

repayment basis;

- prohibit loans being made to consumers who have low borrowing capacity;

- prohibit loans that are a mix of high-risk characteristics;

- strengthen arrears rules and ban some of the existing unfair charging practices;

- extend the Approved Persons regime;

- reform the approach to disclosure by focusing on early disclosure of key service

information rather than the prescription of the form of that information; and

- extend regulation to second-charge lending and buy-to-let (this will be a decision for the government).

This paper is relevant to banks, building societies and other lenders and brokers in the mortgage market..



Discussion Papers

Oct
2009

Turner Review Conference Discussion Paper

DP09/4

As part of FSA response to the feedback received from The Turner Review, they are

outlining thinking on systemically important banks and the cumulative impact of capital and liquidity reform. In the Discussion Paper, they describe current FSA beliefs and approaches on these two issues; FSA want to stimulate debate in these areas.

This paper is relevant to all with a general interest in Financial Services.

Oct
2009

Enhancing financial reporting disclosures by UK credit institutions

DP09/5

FSA are asking for discussion on the main issues that have an impact on the quality of

credit institutions' financial reporting disclosures, with an emphasis on disclosures about financial instruments. This will affect the largest, UK-headquartered listed credit institutions, which FSA focus on in the Discussion Paper, as it is these that have the most impact on market confidence in the UK. In developing the discussion paper, FSA have held discussions with these credit institutions – Barclays plc, HSBC Holdings plc, Lloyds Banking Group plc, Nationwide Building Society, Standard Chartered Plc and The Royal Bank of Scotland Group plc – both individually and through the British Bankers' Association.

This paper will be of interest to Credit Institutions and Institutional investors.

Discussion Papers

Dec 2009
FS09/05

[Reforming Remuneration Practices in Financial Services Feedback on Chapter 6 of CP09/10](#)

Here FSA explain how and why they have decided not to extend the Remuneration Code of Practice to other FSA-authorized firms besides large banks, building societies and broker dealers at this time, and lay out plans for further intervention in this area.

This paper is relevant to all authorised firms.



Policy Statements

Oct
2009

[Strengthening liquidity standards including feedback on CP08/22, CP09/13, CP09/14](#)

PS09/16

FSA have now finalised our far-reaching overhaul of the UK framework of liquidity regulation. The Policy Statement (PS) is the sixth formal liquidity publication, issued as part of a thorough process of consultation that started in September 2007. In it, FSA consider the responses received to that consultation and set out new rules.

This paper affects UK-regulated deposit-takers (banks and building societies), including branches of European Economic Area (EEA) and other overseas firms operating in the UK. It is also relevant to non-bank securities firms and small investment firms (including limited licence/limited

Oct
2009

[Legislative framework for the regulation of alternative finance investment bonds \(sukuk\): summary of responses](#)

This document provides feedback on and summarises the responses received to the joint HM Treasury and Financial Services Authority (FSA) "Consultation on the legislative framework for the regulation of alternative finance investment bonds (sukuk)". The consultation paper (CP)¹ was published on 10 December 2008 and the consultation period closed on 4 March 2009. They received 20 responses from a broad range of interested stakeholders.

This paper will be of interest to all those active in the investment market for the Islamic community.

Policy Statements

Nov 2009 [Close links - feedback on CP07/21](#)
PS09/17

This summarises proposed changes following the CP.

Nov 2009 [Financial Services Compensation Scheme reform Single customer view - verification](#)
PS09/18

This relates to how the banking customer classification is to change to ease potential future payments from FSCS

Nov 2009 [Review of the prudential rules for Personal Investment Firms \(PIFs\) Feedback to P08/20 and CP09/20 \(Chapter 11\)](#)
PS09/19

Under the new rules, all PIFs will have to hold capital resources worth at least three months of their annual fixed expenditure in realisable assets such as cash. The minimum capital resources threshold for any firm will be set at £20,000.

Requiring PIFs to hold more capital resources will enable firms to provide redress for consumers and limit the compensation due from the Financial Services Compensation Scheme (FSCS) in the event that they are wound up.

Following feedback from the industry, the transition to the new regime has been extended by a year to 31 December 2013, allowing firms more time to comply with the requirements. Firms will also be able to take into account any changes arising from the Retail Distribution Review.

This is of interest to all Personal Investment Firms.



Policy Statements

Dec 2009 Stress and Scenario Testing - feedback on CP08/24 and final rules
PS09/20

There has been renewed focus on stress testing internationally and domestically. FSA's stance on this issue was summarised in CP08/24 and *The Turner Review*, which referred to firms needing to improve their stress testing infrastructure, as well as the FSA making greater use of stress testing outputs as part of their supervision and in setting capital requirements.

This paper will be of primary interest to banks, building societies and Capital Requirements Directive (CRD) investment firms;

Press Releases

FSA/ PN/176/2 009	17 December	<u>Director fined £75,000 and banned from the industry for lying to FSA</u>
FSA/ PN/175/2 009	17 December	<u>Toronto Dominion fined £7m for repeated failings</u>
FSA/ PN/174/2 009	16 December	<u>FSA bans partner for failing to manage affairs of her mortgage firm properly</u>
FSA/ PN/173/2 009	16 December	<u>FSA consults on raising professional standards for all investment advisers</u>
FSA/ PN/172/2 009	11 December	<u>FSA appoints a new senior advisor</u>
FSA/ PN/171/2 009	11 December	<u>FSA strengthens stress testing regime</u>
FSA/ PN/170/2 009	10 December	<u>Corporate broker intern and his father receive 12 and 24 month prison sentences respectively for insider dealing</u>
FSA/ PN/169/2 009	10 December	<u>FSA consults on strengthening firms' capital standards</u>

Press Releases

FSA/ PN/168/2 009	8 December	<u>FSA publishes feedback statement on remuneration</u>
FSA/ PN/167/2 009	7 December	<u>New Chairman of the Practitioner Panel appointed</u>
FSA/ PN/166/2 009	7 December	<u>FSA bans broker for high pressure sales techniques and widespread systems and controls failings</u>
FSA/ PN/165/2 009	2 December	<u>Insurance broker brothers banned for concealing criminal record from FSA</u>
FSA/ PN/164/2 009	1 December	<u>FSA bans Northern Ireland mortgage broker for failing to treat customers fairly</u>
FSA/ PN/163/2 009	30 November	<u>FSA bans Essex mortgage broker for advice failings and not having appropriate systems and controls in place</u>
FSA/ PN/162/2 009	26 November	<u>FSA appoints senior advisors on governance and authorisation</u>
FSA/ PN/161/2 009	24 November	<u>FSA fines Nomura £1.75 million for inadequate systems and controls</u>

Press Releases

FSA/ PN/160/2 009	23 November	<u>Macro prudential tools vital to future financial stability</u>
FSA/ PN/159/2 009	17 November	<u>FSA fines former stockbroker £24,000 for market abuse</u>
FSA/ PN/158/2 009	13 November	<u>Jon Pain addresses mortgage industry on FSA's mortgage market review proposals</u>
FSA/ PN/157/2 009	13 November	<u>FSA fines and bans former UBS employee for helping conceal unauthorised trading losses</u>
FSA/ PN/156/2 009	11 November	<u>Mortgage broker banned for concealing true nature of governance arrangements from the FSA and for mortgage fraud</u>
FSA/ PN/155/2 009	11 November	<u>FSA proposes to strengthen prudential standards for credit unions</u>
FSA/ PN/154/2 009	10 November	<u>FSA to simplify system for calculating regulatory fees</u>
FSA/ PN/153/2 009	9 November	<u>FSA chief says cultural change needed to drive reform</u>
FSA/ PN/152/2 009	6 November	<u>Arrest made as FSA continues clamp down on share fraud</u>

Press Releases

FSA/ PN/151/2 009	6 November	<u>FSA sets out new prudential regime for personal investment firms</u>
FSA/ PN/150/2 009	5 November	<u>FSA fines UBS £8million for failing to prevent employees carrying out unauthorised transactions with customer money</u>
FSA/ PN/149/2 009	4 November	<u>Former corporate broker intern and father found guilty of insider dealing</u>
FSA/ PN/148/2 009	2 November	<u>FSA chairman says 'no silver bullet' to address 'too-big-to-fail' challenge</u>
FSA/ PN/147/2 009	29 October	<u>GMAC-RFC Limited fined £2.8million for unfair treatment of customers in arrears and repossession and will pay up to £7.7m customer redress</u>
FSA/ PN/146/2 009	28 October	<u>FSA begins new banking regulation to promote fairness for consumers</u>
FSA/ PN/145/2 009	28 October	<u>Swinton to offer refunds on over 480,000 PPI policies following FSA intervention</u>
FSA/ PN/144/2 009	27 October	<u>FSA takes action to help investors with Lehman-backed structured products</u>
FSA/ PN/143/2 009	26 October	<u>FSA announces tough new code for financial reporting disclosure</u>

Press Releases

FSA/ PN/142/2 009	22 October	<u>FSA publishes further analysis on systemically important banks and the cumulative impact of capital and liquidity reform</u>
FSA/ PN/141/2 009	21 October	<u>FSA bans another East London broker for mortgage fraud</u>
FSA/ PN/140/2 009	19 October	<u>FSA sets out major reforms for the mortgage market</u>
FSA/ PN/139/2 009	14 October	<u>FSA outlines its approval and interview process for significant influence functions</u>
FSA/ PN/138/2 009	13 October	<u>FSA makes four new appointments to the Consumer Panel</u>
FSA/ PN/137/2 009	12 October	<u>FSA bans East London mortgage broker for misleading lenders</u>
FSA/ PN/136/2 009	8 October	<u>FSA fines Seymour Pierce £154,000 for failing to prevent employee fraud</u>
FSA/ PN/135/2 009	7 October	<u>FSA and firms reach agreement on MPPI</u>
FSA/ PN/134/2 009	7 October	<u>Dresdner traders censured for abuse in debt market</u>

Press Releases

FSA/ PN/133/2 009	6 October	<u>FSA chairman outlines factors for successful European regulation</u>
FSA/ PN/132/2 009	5 October	<u>FSA finalises far-reaching overhaul of UK liquidity regulation</u>
FSA/ PN/131/2 009	1 October	<u>FSA sets out policy on short selling</u>

Statements

26 November	<u>FSA statement re: Walker Review</u>
25 November	<u>FSA statement following the Supreme Court ruling on bank charges</u>
20 November	<u>Update on CP09/23: The assessment and redress of payment protection insurance complaints</u>
20 November	<u>Further update on Keydata Investment Services Limited</u>
26 October	<u>Lehman-backed structured products - update</u>
14 October	<u>Update on The Freedom SIPP Limited</u>
14 October	<u>Lehman-backed structured products - update</u>

Speeches

Thomas Huer-tas	30 November	<u>Crisis: What Crisis? The Prospects for the UK Financial Sector</u>
Adair Turner	30 November	<u>Responding to the financial crisis: challenging past assumptions</u>
Adair Turner	23 November	<u>Speech to the CBI Annual Conference</u>
Lesley Titcomb	19 November	<u>Keynote address to the European Mortgage Federation's annual conference</u>
Margaret Cole	19 November	<u>The FSA's agenda for fighting financial crime</u>

Speeches

Sheila Nicoll	18 November	<u>Annual Conference Conducting Business with Consumers – Delivering the best outcomes</u>
Jon Pain	13 November	<u>How the regulator views the mortgage market</u>
Jeremy Heales	11 November	<u>The FSA's view of the current insurance intermediary market</u>
Lesley Titcomb	11 November	<u>FSA Mortgage Market Review - what it means for intermediaries</u>
Hector Sants	9 November	<u>Intensive Supervision: delivering the best outcomes</u>
Adair Turner	2 November	<u>Large systemically important banks: addressing the too-big-to-fail problem</u>
Adair Turner	29 October	<u>Examining the causes of the financial crisis</u>
Verena Ross	14 October	<u>European Banking Roundtable - Keynote speech</u>
Sally Dewar	13 October	<u>Key regulatory issues for the APCIMS community</u>
Mike Knight	9 October	<u>The Continuing Obligations Regime - the FSA's role</u>
Sally Dewar	9 October	<u>Liquidity Conference – Keynote address</u>
Jeremy Heales	8 October	<u>Association of Friendly Societies conference</u>
Adair Turner	6 October	<u>The City of London Corporation's Annual Reception for the City Office speech</u>