

FSA CONSULTATION AND DISCUSSION PAPERS – 2010

Title	Short Summary	Link
<p>CP10/1*: Quarterly Consultation No. 23</p>	<p>This CP proposes amendments to:</p> <ul style="list-style-type: none"> • PRIN, to reflect the amendment HMT made in s145 FSMA) in 2006 that allowed FSA to properly implement the MiFID communication rules; • Chapter 16 of SUP relating to the reporting requirements in SUP 16.12 • COLL, to provide greater clarity on winding up and terminating authorised funds; and • DTR, to clarify the Transparency Rules within DTR that were created on 20 January 2007 in order to implement the Transparency Directive 2004/109/EC in the UK. <p>FSA is also proposing to introduce a new Guidance Note on financial regulation for social housing providers. Responses to this CP should be received by 6 March 2010.</p>	<p>http://www.fsa.gov.uk/pubs/cp/cp10_01.pdf</p>
<p>CP10/2***: Mortgage Market Review: Arrears and Approved Persons</p>	<p>The proposals in this CP are intended to strengthen existing rules on arrears handling. Key proposals include: clarifying that firms must not add early repayment charges on arrears charges and interest levied on those charges; clarifying that firms must not apply a monthly arrears charge where the firm and the customer have agreed an arrangement to repay the arrears; compelling firms to consider all options for borrowers; confirming that payments by customers in financial difficulties must first be allocated to clearing the missed monthly payments, rather than to arrears charges, which can be repaid later; and obliging firms to record all arrears handling telephone calls and to keep all records for three years. FSA also proposes creating customer function CF31, which will be for all individuals who advise or bring about home finance business now and in the future. This is whether on behalf of an intermediary firm or a home finance provider. Responses are required by 30 April 2010.</p>	<p>http://www.fsa.gov.uk/pubs/cp/cp10_02.pdf</p>
<p>CP10/3***: Effective corporate governance (Significant influence controlled functions and the Walker review)</p>	<p>In this CP, FSA proposes a new framework of classification of controlled functions; other changes to the approved persons regime, including the scope and definition of some controlled functions; some guidance on FSA's expectations in relation to non-executive directors; and risk governance guidance and plans for other implementing measures in support of the Walker recommendations. Chapter 4 includes more information on FSA's Significant Influence Function approval process. Responses are required by 28 April 2010.</p>	<p>http://www.fsa.gov.uk/pubs/cp/cp10_03.pdf</p>

Title	Short Summary	Link
CP10/4**: Sale and rent back (full regime) - Feedback on CP09/22, made rules and consultation on reporting	This CP contains details of the full sale and rentback regime, which will provide consumers with greater protection from 30 June 2010. FSA has: banned exploitative advertising and high-pressure sales techniques and prohibited the use of emotive terms like ‘fast sale’, ‘mortgage rescue’ and ‘cash quickly’ in promotional literature; introduced a 14 day cooling-off period to give consumers more time to make decisions on sale and rent back; banned cold calling and prohibited firms from dropping promotional leaflets through letter boxes; confirmed rules to ensure consumers have a security of tenure for a minimum of five years; introduced an affordability and appropriateness check across all sales to check that the sale and rent back deal is right for the consumer; and put in place measures to ensure all risks are clearly signposted to the customer, via FSA literature and during the sales process. The CP also seeks comments on proposals for collecting information about firms that have permission to carry out one or more of the following: arranging a regulated sale and rent back agreement; advising on a regulated sale and rent back agreement; entering into a sale and rent back agreement; and administering a sale and rent back agreement. Responses are required by 30 April 2010. FSA plans to publish another PS and final rules in summer 2010.	http://www.fsa.gov.uk/pubs/cp/cp10_04.pdf
CP10/5**: Regulatory fees and levies - Rates proposals 2010/11 and feedback statement on Part 1 of CP09/26	This CP sets out FSA's proposed annual funding requirement for 2010/11. It is £454.7m, up from £413.8m in 2009/10. FSA says that the 9.9% increase reflects its intention to minimise any fee increases by concentrating only on essential areas of work. It notes that it has hired 280 new staff in 2009/10 as part of its Supervisory Enhancement Programme. The full year costs of these staff will be represented for the first time in 2010/11 and equates to a 4% rise in total FSA costs, even if no other investments were made. The additional increase reflects primarily the investment necessary for Solvency II, and a further increase in supervisory capability.	http://www.fsa.gov.uk/pubs/cp/cp10_05.pdf
CP10/6***: The assessment and redress of payment protection insurance complaints; feedback on CP 09/23 and further consultation	FSA has published feedback to its plans to reform the PPI market and announced a further short consultation on its revised package of measures: proposed Handbook guidance on PPI complaint handling, and FSA statements on root cause analysis and non-complainants, in light of its open letter and its recast list of common PPI sales failings, and FSA's estimates of the costs and wider financial impact. This consultation exercise will allow FSA to further test and debate its revised assessment of the whole package’s costs and benefits and wider industry impact.. It is noted that FSA is not including in this further consultation the rejected PPI complaint review rule proposed in CP09/23 and says it will now wait until after its powers have been clarified under the Financial Services Bill before deciding how to proceed concerning this element. Responses must be received by 22 April 2010.	http://www.fsa.gov.uk/pubs/cp/cp10_06.pdf

Title	Short Summary	Link
DP10/1: Consumer complaints (emerging risks and mass claims)	This is a joint FSA/FOS/OFT DP. It proposes the creation of a new consumer protection committee to scan for emerging risks which would identify any risks with the potential to turn into widespread problems, and determine fast and effective ways of dealing with them, whether through regulatory action or consumer complaints. It would update the wider implications process. Comments are requested by 10 June 2010. It is noted that the timing allows for a CP in Q3 2010 on any rule changes arising from responses to this paper and other work, including the Financial Services Bill, subject to its Parliamentary progress.	http://www.fsa.gov.uk/pubs/discussion/dp10_01_newsletter.pdf
CP 10/7**: Taping: Removing the mobile phone exemption	In March 2008, FSA published rules in PS08/1 on recording voice conversations and electronic communications. These rules became effective from March 2009. Mobile phones and mobile communications (except emails) were excluded from these rules. Their exclusion was primarily based on concerns that the technology to capture these communications was insufficiently developed. However, FSA stated in PS08/1 that it would review this exclusion towards the end of 2009. As part of this review it has met with technology suppliers, trade associations and economic consultants to test the feasibility (both from a technology and cost perspective) of applying a taping requirement to mobile phones. This CP seeks feedback on a proposal to remove the exemption for relevant communications (except emails) "...made with, sent from or received on a mobile telephone or other mobile handheld electronic communication device". Removing this exemption would require firms to tape relevant communications on mobile phones issued by the firms for business use. FSA also proposes to introduce a rule requiring firms to take reasonable steps to prevent employees or contractors from using private communication equipment (which may not be recorded due to privacy laws) to make such communications. Should a decision be taken to remove the exemption, FSA would allow a sufficient transition period for firms to make the necessary changes and anticipates a transition period of a year from the time a decision is taken to alter the rules (which it would not expect to happen until Q4 2010) to implementation by firms. Responses are required by 15 June 2010.	http://www.fsa.gov.uk/pubs/cp/cp10_07.pdf
CP10/8**: Pure Protection Sales by Retail Investment Firms: Remuneration Transparency and the COBS/ICOB Election	This sets out proposals concerning pure protection sales by investment advisers. FSA proposes to: require retail investment firms to explain how they are remunerated for pure protection advice and sales associated with investment advice and disclose the amount of commission if the customer purchases a pure protection product; and amend rules to allow firms who elect to sell pure protection under COBS rather than ICOBS to continue to do so after RDR implementation without having to apply the rules on Adviser Charging to their pure protection sales. Responses are required by 28 June 2010.	http://www.fsa.gov.uk/pubs/cp/cp10_08.pdf

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CP10/9**: Enhancing the Client Assets Sourcebook	<p>The CP focuses on the following: re-hypothecation of client assets; increased reporting to clients; holding client money with group banks; prohibiting the use of general liens in custodial agreements; creating a new controlled function with specific responsibility for client money and assets; introducing a client money and assets return. Responses are required by 30 June 2010 and FSA intends to release a PS in Q3 which will finalise the rules.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_09.pdf
CP10/10: Quarterly Consultation (No. 24)	<p>In this CP, FSA invites comments on miscellaneous amendments to the Handbook. It proposes amendments to:</p> <ul style="list-style-type: none"> • FEES, restructuring Special Project Fee to reflect extending the scope to include persons in administration or liquidation or firms that become subject to the stabilisation powers under COND 3.1 and extending its application to other firms and recognised bodies; • GENPRU, to recognise an obligatory deduction from core Tier 1 capital and amend the clarifying guidance accordingly • BIPRU, in order to amend the conditions that a firm is to comply with if it is to operate the simplified ILAS approach; • INSPRU, in relation to rules on the valuation of reinsurance cash flows when calculating mathematical reserves; • COBS, to improve the clarity of the COBS 4 text and to propose that, before approving promotions for an overseas person, a firm is required to take reasonable steps to ensure that the overseas person will deal with retail clients in the UK in an honest and reliable way • CASS, to correct a typographical error; • SUP, to amend Chapter 16 to collect more meaningful details from firms; Section A of the RMAR, with specific reference to the reporting requirements for insurance intermediaries subject to MIPRU; Chapter 11 to provide additional guidance relating to aggregation of holdings in cases of acting in concert and deemed voting power; Chapter 10 to clarify the time necessary to assess approved persons applications; • LR/DTR, to effect a small number of amendments, including the pre-emption rights loophole, Company Reporting Directive application clarification, and Guidance into Rule and Companies Act 2006 consequential amendments. <p>Responses to this CP should be received by 6 June 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_10.pdf

Title	Short Summary	Link
CP10/11**: Implementing aspects of the Financial Services Act 2010	<p>Proposed Handbook changes include:</p> <ul style="list-style-type: none"> • redrafting the provisions requiring disclosure of short-selling positions and place them in a new part of the Handbook covering financial stability and market confidence; • the imposition of financial penalties or censure on those who breach short-selling rules; • the power to suspend firms or individuals by stopping them undertaking some or all of the activities which they are permitted to carry on for a period of time, and to use this new power in conjunction with other enforcement tools; • the power to impose financial penalties on individuals who have carried out controlled functions without necessary FSA approval; • the ability to gather information in relation to financial stability from both authorised and unauthorised persons to help identify potential threats to the UK financial market; • rules enabling FSCS to recoup its management costs, when acting on behalf of other compensation schemes, from FSCS levy payers if it is unable to recoup those costs from the relevant compensation scheme. A new rule will reflect HMT's new power to recoup interest costs from FSCS in the event of it requiring FSCS to contribute to the costs incurred in applying the stabilisation powers of the Special Resolution Regime established under Banking Act 2009. <p>Responses are required by 25 June 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_11.pdf
CP 10/12**: Competence and ethics	<p>In this PS, FSA has published proposals to strengthen its requirements on competence for individuals carrying out retail activities, while placing more emphasis on standards of ethical behaviour. The proposals introduce a 30 month deadline for individuals to complete all modules of a qualification required for their role and will also remove some transitional provisions which allow individuals to operate without formal qualifications, due to the arrangements under their previous regulator. Further proposals clarify how individuals carrying out approved persons roles should demonstrate a good standard of ethical behaviour. Responses are required by 6 September 2010. FSA has also published research it commissioned on T&C requirements (third link below). FSA notes that this paper complements RDR work and it is mentioned that RDR professionalism proposals will be set out in another CP which it expects to publish this month. FSA is also planning to hold a T&C conference in 2011 if there is sufficient interest from the industry.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_12.pdf

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CP10/13**: Tracing employers' liability insurers	The DWP has proposed the creation of an Employers' Liability Tracing Office which would manage an electronic database to help people track down EL insurance policies and run a current tracing service. In this CP, FSA notes that it wishes to introduce rules to improve consumer protection until legislation is passed and thus proposes to require all general insurers to notify us whether they carry out (i.e. are potentially liable for) UK commercial lines EL insurance contracts and proposes to require all insurers carrying out UK commercial lines EL insurance to make certain policy and other information they generally have available for tracing purposes in a specified easily accessible form. This could be available on the insurer's website or through a tracing office if the tracing office used by the insurer meets certain conditions. Responses are required by 14 September 2010.	http://www.fsa.gov.uk/pubs/cp/cp10_13.pdf
CP10/14***: Delivering the RDR: Professionalism, including its applicability to pure protection advice, with feedback to CP09/18 and CP09/31	The CP/FS is described as bringing together all FSA's work to date on professional standards under the RDR – on ethical behaviour, CPD and qualifications – together with the supervision and enforcement of these standards. This paper gives further certainty to individual retail investment advisers (advisers) and their firms, helping to complete the RDR picture alongside PS10/6, which covered description of advice services and adviser charging and PS 09/19 on prudential requirements for personal investment firms. FSA notes that it is also delivering certainty on how professional standards will be governed at an earlier stage than originally planned. CP09/31 sought the views of stakeholders on the governance of professional standards, and on issues around the transition to higher qualification standards. CP 09/18 put forward proposals for CPD and ethical standards. The CP also sets out a summary of the feedback received on these points, and contains additional proposals for consultation to complete the professional standards work. Responses are required by 24 September 2010.	http://www.fsa.gov.uk/pubs/cp/cp10_14.pdf
DP10/03: Enhancing the auditor's contribution to prudential regulation	This is a joint FSA/FRC paper. Its purpose is to stimulate debate on the role of auditors following the financial crisis and explores how FSA, FRC and auditors can work together more effectively to enhance auditors' contribution to prudential regulation. It: questions aspects of the quality of audit work relevant to prudential regulation - in particular, whether the auditor has always been sufficiently sceptical and has paid sufficient attention to indicators of management bias when examining key areas of financial accounting and disclosure which depend critically on management judgement; outlines FSA's concerns about auditors' work on client assets and how auditors fulfil their legal obligation to report to FSA; explores a variety of ways in which changes are being made and further changes could be made by FSA, FRC and auditors to increase the effectiveness with which auditors undertake their work; and examines the regulatory environment in which auditors operate more widely and suggests measures to enhance how auditors contribute to prudential supervision. Responses are required by 29 September 2010.	http://www.fsa.gov.uk/pubs/discussion/dp10_03.pdf

Title	Short Summary	Link
<p>CP10/15*: Quarterly consultation (No. 25)</p>	<p>The CP proposes amendments to:</p> <ul style="list-style-type: none"> • FEES, to restrict FSCS’s right to raise an exit levy for anticipated compensation and/or management expenses to the FSCS levy year in which the firm exits the scheme, and to enable FSCS to raise an exit levy when a firm stops carrying out activities within a particular activity class or sub-class; • the explanation of the tariff base for deposit takers set out in FEES manual to clarify that, from 31 December 2010, the tariff base of protected deposits will continue to apply for all accounts that are excluded from the SCV; • BIPRU, to simplify the regime of liquidity assessment for Simplified ILAS firms, to simplify liquidity reporting requirements, to amend liquidity systems and controls requirements in order to implement changes to the Banking Consolidation Directive, and to introduce additional guidance to BIPRU TP 30 clarifying how the liquidity floor for mismatch banks is intended to operate; • COBS, to incorporate Recommendation 20 of the Walker Review on Corporate Governance, which states that FSA should require institutions that are authorised to manage assets for others to disclose clearly on their websites or in other accessible form the nature of their commitment to the Stewardship Code or their alternative business model; • the pensions rules in COBS, in order to make it clear that contracting-out comparisons should only reflect the period up to abolition of contracting-out (April 2012); • BCOBS, to provide guidance in relation to exercising a right of set-off on retail consumer accounts, and to make a minor drafting amendment to guidance relating to information about compensation arrangements; • the Title Transfer Collateral Arrangements rules and the money due and payable to the firm provisions in CASS to strengthen protection for retail clients who place money and assets with investment businesses, as well as to ensure a consistent application of FSA client money and asset rules; • sections D1 and E, as well as the replacement of section D2, of the RMAR of Chapter 16 in SUP, following from changes to the capital resources computation and connected requirements for Personal Investment Firms, and PII requirements; • guidance notes to data item FSA015 of Chapter 16 of SUP, in order to clarify guidance on regulatory reporting via FSA015 and facilitate more effective data gathering; • Chapter 16 Annex 24R and Chapter 16 Annex 25G of SUP, to include capital buffer planning data in reporting of capital adequacy in FSA003; and Chapter 10 of SUP, to correct a technical error and, in so doing, clarify the types of firm for which CF29, is relevant. <p>Responses to Chapter 4 of this CP are required by 13 August 2010 and responses to all other chapters are required by 6 September 2010.</p>	<p>http://www.fsa.gov.uk/pubs/cp/cp10_15.pdf</p>

Title	Short Summary	Link
CP10/16***: Mortgage Market Review: responsible lending	<p>In this CP, FSA proposes new rules in: affordability assessments (including income verification; assessing expenditure, taking account of increasing interest rates and protecting credit-impaired consumers) and arrears charges. FSA is also opening up a further debate on its approach to regulating interest-only mortgages and non-deposit taking lenders (non-banks). Views on interest-only mortgages and non-banks will help inform final proposals, which will be consulted on at a later stage. Responses on questions 16 to 22 about interest-only mortgages and questions 33 and 34 about non-deposit taking lenders must be received by 30 September 2010 - responses to all other questions must be received by 16 November 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_16.pdf
CP10/17***: Strengthening Capital Standards 3 - feedback to CP09/29, final rules for CRD2, and further consultation	<p>This CP provides feedback to the responses received to CP09/29, explains areas where FSA's policy may have changed, and sets out the new rules that firms caught by the CRD must follow under FSA's implementation of the amendments to the CRD. In addition, the CP consults on additional proposals:</p> <ul style="list-style-type: none"> • implementing the CEBS guidance on core tier one capital, large exposures and operational risk; • amending credit risk: (0% risk weight for intra-group exposures under "The Standardised Approach".) <p>It is noted that implementation of the CRD2 rules will now commence from the beginning of 31 December 2010, rather than with effect from the beginning of 1 January 2011 as CP09/29 had suggested. Responses for CEBS guidance (Chapters 11 – 13) are required by 23 October 2010; and responses for credit risk amendments (Chapter 14) by 23 August 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_17.pdf

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<p>CP10/18**: Implementing aspects of the Financial Services Act 2010 - feedback on CP10/11, final rules and further consultation</p>	<p>The document includes new rules and guidance covering the following areas:</p> <ul style="list-style-type: none"> • Use of the power to impose financial penalties or public censure on those who breach short-selling rules; • Disclosure of significant net short positions (these will go in a new part of the Handbook covering financial stability and market confidence and the current provisions on short selling in the Code of Market Conduct will be deleted); • Use of the power to suspend firms or individuals by stopping them undertaking some or all of the activities which they are permitted to carry on for a period of time; • Use of the power to impose financial penalties on individuals who have carried out controlled functions without the necessary approval from FSA; • FSA policy on the use of the power to gather information in relation to financial stability from specified categories of both authorised and unauthorised persons to help identify potential threats to the UK financial market; • Alterations to the FEES manual to reflect amendments made by FSA 2010 in relation to FSCS's contribution to the costs associated with resolutions under the Banking Act 2009. <p>In addition, there is a further consultation on the proposal to allow FSCS to recover management expenses from FSCS levy payers when it is acting for another scheme - the consultation period is extended to 23 August 2010 and FSA says it will consider any additional responses before making any rules in September 2010.</p>	<p>http://www.fsa.gov.uk/pubs/cp/cp10_18.pdf</p>
<p>CP10/19***: Revising the Remuneration Code</p>	<p>The consultation announces plans to update its Remuneration Code to take on board remuneration rules required by CRD 3 and the Financial Services Act 2010. It also reports on the implementation of the Code so far, lessons learned from last year's implementation and discusses progress made in achieving international alignment. It is noted that FSA does not intend the final rules to be super-equivalent to the CRD3 requirements unless required to do so by UK legislation. Particular areas where the Code will be strengthened include: scope; application; bonus deferral; share proportion; bonus guarantees; voiding provisions and severance payments. Response are required by 8 October 2010. FSA intends to issue a PS in November 2010 with rules effective from 1 January 2011.</p>	<p>http://www.fsa.gov.uk/pubs/cp/cp10_19.pdf</p> <p>http://www.fsa.gov.uk/pubs/cp/cp10_19_cba.pdf (CBA)</p>

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DP10/4: The prudential regime for trading activities - a fundamental review	<p>FSA has published a DP that considers fundamental changes to the regulation of trading activities. FSA believes that the delivery of a new, robust, long-term, approach to prudential requirements for trading activities is one of the key areas of regulatory reform that must be delivered to build a stronger financial system. The DP sets out a number of recommendations which are grouped into three key areas: valuation (FSA recommends an increased regulatory focus on the valuation of traded positions and believes there is a need for a specific assessment of valuation uncertainty); coverage, coherence and the capital framework: (FSA recommends changing the structure of the capital framework to bring greater coherence and reduce the opportunities for structural arbitrage within the banking sector and the wider financial system); risk management and modelling (FSA recommends specific measures aimed at improving firms' risk management and modelling standards, and ensuring that these are aligned with regulatory objectives). Responses are required by 26 November 2010 - it is noted that FSA will feedback comments into the international discussions it is having with BCSB. FSA will issue a feedback statement in the first half of 2011.</p>	http://www.fsa.gov.uk/pubs/discussion/dp10_04.pdf
CP10/20**: Improving the auditor's report on client assets	<p>FSA notes that, as part of its more intensive approach to supervision and enhanced focus on client assets, it has reviewed the quality and consistency of auditors' reports submitted in this regard. A number of serious failings were identified – these were not localised to one or a limited number of auditors, but indicate a general deficiency by auditors in applying FSA requirements on client assets, and a need to take steps to improve the quality of auditors' reports. The review identified the following material failings and weaknesses in a number of reports: auditors providing 'clean' reports, despite the firm having committed significant breaches of the client asset rules; auditors' reports covering the wrong chapters of CASS; failure to provide the report on client assets because the auditor was not aware of, or did not understand, the reporting requirements; auditors failing to provide adequate detail on the issues and exceptions identified in their report; auditors submitting their reports several months late (in some instances, they were submitted years after the period they relate to); and some auditors' reports had 'simple errors', such as the auditor not signing or dating the report, quoting the wrong FSA firm reference number, or referring to another firm within the body of the report. This CP sets out proposals that aim to drive improvements in the quality and consistency of auditors' reports on client assets. The proposals will be applicable to firms and their external auditors. They aim to: confirm and clarify the standards required for the auditors' reports on client assets in order to provide clear focus of accountability; make consistent and increase the information provided in the report so that FSA can better utilise it to undertake both firm and thematic reviews; and improve firms' governance oversight of both their auditors and their compliance with the client assets rules. Responses are required by 31 December 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_20.pdf

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CP10/21***: Consumer complaints - The ombudsman award limit and changes to complaints-handling rules	<p>This joint FSA/FOS consultation proposes changes to complaints handling rules as part of a package of measures to drive up standards of complaints handling within the industry. These include: requiring firms to identify a senior individual responsible for complaints handling; abolition of the ‘two-stage’ complaints handling rule to incentivise firms to resolve complaints fairly the first time; underlining the requirement for firms to carry out root cause analysis, by identifying and remedying any recurrent or systemic problems with complaints, and to take action where appropriate; and additional guidance in relation to taking account of FOS decisions and previous customer complaints and learning from the outcome. It is also proposed that the limit on awards made by FOS be increased from £100, 000 to £150,000. Responses are required by 31 December 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_21.pdf
CP10/22*: Quarterly consultation (No. 26)	<p>In this CP, FSA proposes amendments:</p> <ul style="list-style-type: none"> • to the scope of the requirement to undertake reverse stress-testing for BIPRU investment firms in Chapter 20 of SYSC; • in relation to capital floors for firms using advanced approaches, residential mortgage Losses Given Default floors, and covered bonds, as a result of the CRD; • to INSPRU, with regard to eliminating reciprocal financing; • to COBS, in relation to trail commission, Adviser Charging rules and disclosure of adviser charges and services; • to MAR, following the decision of ECJ in the Spector case; • to the list of appropriate qualifications for individuals performing certain retail activities, in TC; • that introduce new data reporting requirements in TC; • to credit and counterparty risk reporting in regulatory returns FSA004 and FSA045 in SUP; • to the deposit compensation limit for FSCS as set out in COMP; and • to COLL, to provide greater clarity on several aspects of scheme management <p>Responses to certain chapters should be received by 6 November 2010. Responses to all other chapters should be received by 6 December 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_22.pdf

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CP10/23**: Decision Procedure and Penalties manual and Enforcement Guide review 2010	<p>FSA is proposing to impose a new rule in GEN which will mean that an authorised firm must not pay a financial penalty imposed on a present or former employee, director or partner of the firm or an affiliated company. This rule will not apply to sole traders. The following changes are also proposed for DEPP and EG:</p> <ul style="list-style-type: none"> • FSA's policy for publishing decision notices to be included in EG; • amendments to FSA's policy for reviewing published notices and press releases; • applying the settlement discount scheme to the length of periods of suspension. • adopting a penalties policy and decision maker for using FSA's enforcement powers under the Cross-Border Payments in Euro Regulations 2010; • adopting a decision maker in relation to giving statutory notices under various parts of FSMA; • describing the new enforcement powers FSA has been given under legislation other than FSMA; • updating existing policies to ensure they are consistent with recent amendments to FSMA or other legal developments. • making minor clarifications to ensure EG and DEPP give a clear statement of FSA's enforcement policy. <p>Responses are required by 14 December 2010. FSA intends to publish a PS in January 2011.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_23.pdf

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CP10/24**: Regulatory fees and levies - policy proposals for 2011/12	<p>This CP explains fee and levy policy proposals for consultation; a clarification of policy; some minor rule changes; and some topics for information:</p> <ul style="list-style-type: none"> • FSA is consulting on the application fees and basis for periodic fees for electronic money institutions under the Second Electronic Money Directive. • Amendments to the conditions in FEES 4 Annex 3 are proposed for firms using the Transaction Reporting System, so they can pay for the service through individual contractual arrangements. • With regard to CFEB, in 2011/12, FSA is maintaining the levy structure we established in 2010/11, which mirrors its structure. Once it has greater operational experience, CFEB intends to review the position and propose a framework that matches its own business activities more closely. FSA also makes proposals to extend CFEB levies to payment institutions. • FSA is issuing a policy clarification and incorporating new guidance into FEES. • FSA sets out, for discussion, proposals on funding its initiative to enhance its regulatory focus on client money and assets. • FSA sets out further feedback on the response received from AIFA on the strategic review of FSA's cost allocation and fees model. <p>FSA expects to publish the final rules and appropriate feedback in its annual consolidated PS in May 2011, which will reflect the finalised policy and rules from this consultation and the February 2011 fees and levy rates consultation. Fee payers will be invoiced from June 2011 on the basis of the 2011/12 periodic fees, levies and policy changes.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_24.pdf
CP10/25**: Implementation of the second Electronic Money Directive: supplement to HM Treasury's consultation	<p>Further to the recent HMT consultation, this CP proposes changes: to PERG, in order to help businesses consider whether they fall within the scope of the draft Electric Money Regulations; changes to reporting requirements, including a change for payment services providers; changes to FOS so it can perform an out-of-court redress function for issuing and redeeming electronic money within 2EMD's scope and consequent changes in the scope of the complaints handling rules; changes to ENF and some consequential changes to the FSA Handbook. FSA notes that these proposals are based on the draft EMR in the HMT consultation and that if these change FSA may consult again, probably in a Quarterly CP. Responses are required by 30 November 2010.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_25.pdf

Title	Short Summary	Link
CP10/26**: Pension reform – Conduct of business changes	<p>This CP outlines proposed changes to the FSA Handbook following the Government’s confirmation of the workplace pension reforms. The CP proposes to make a number of additions and changes to Handbook text relating to group pension schemes, including: making it clear that automatic enrolment does not fall within the scope of the DMD and clarifying that FSA and DWP rules for cancelling and opting out are interchangeable so that only one process needs to be followed. In addition, FSA proposes to extend the scope of its rules to cover all workplace schemes, including group pension schemes and to extend rules around additional contributions to encompass all workplace schemes. Responses are required by 9 February 2011.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_26.pdf
CP10/27**: Implementing CRD3 requirements on the disclosure of remuneration	<p>FSA is consulting on the following:</p> <ul style="list-style-type: none"> • items to be disclosed (information on the remuneration decision-making process; the link between pay and performance; the most important design characteristics of the remuneration system; performance criteria for assessment of remuneration; the main parameters and rationale for variable compensation; and aggregate quantitative information on total remuneration, variable remuneration, deferred remuneration, and sign-on and severance payments, in respect of senior management and staff with a material impact on the firm’s risk profile) • frequency of disclosure (firms will need to disclose details of their remuneration policies at least on an annual basis - FSA will require firms to make their first disclosure in respect of 2010 remuneration as soon as practicable, and no later than 31 December 2011) • form of disclosure (a stand-alone report or in a firm’s annual report and accounts) • proportionality (FSA intends to divide firms into four tiers based primarily on their regulatory capital and type of regulatory licence or permission) <p>In addition, FSA is seeking feedback on whether there would be any meaningful disadvantages in extending the scope of disclosure requirements to include non-EEA firms operating as branches in the UK. Responses are required by 8 December 2010. FSA intends to publish a PS on remuneration disclosure in mid-December. It is also noted that FSA will publish a PS in response to wider changes to its Remuneration Code in December, following the finalisation of the CEBS guidelines on the implementation of the Code. The revised Remuneration Code will come into force on 1 January 2011. It will apply to awards paid out in respect of the 2010 remuneration round. Firms coming into the scope of the Code for the first time will be able to make use of transitional provisions to implement certain provisions of the Code over a period of six months,</p>	http://www.fsa.gov.uk/pubs/cp/cp10_27.pdf

Title	Short Summary	Link
CP10/28***: Mortgage Market Review: Distribution & Disclosure	<p>This CP features proposals focusing on enhancing the mortgage sales process, the role of intermediaries and improving disclosure of information for customers. These include: replacing the obligation to issue an IDD to the customer with requirements to clearly and prominently disclose key information about how the intermediary will be paid and the service they offer; changing the trigger points for providing the KFI to minimise information overload on consumers and reduce burdens on firms; a requirement for all individuals that sell mortgages to hold a relevant mortgage qualification ensuring appropriate professional standards across all sales; replacing the existing labels used to describe the firm's service with the RDR's "independent" and "restricted" labels; and requiring firms to disclose to customers whether they will consider deals that can only be obtained directly from a lender. Responses are required by 25 February 2011.</p>	http://www.fsa.gov.uk/pubs/cp/cp10_28.pdf
CP10/29**: Platforms: Delivering the RDR and other issues for platforms and nominee-related services	<p>This CP provides feedback to DP10/2 and consults on the following areas: improved disclosure of the income platforms received from fund managers and other product providers; a ban on product charges being rebated in cash to consumers; ensuring that platforms present an unbiased picture of investments; compulsory re-registration of assets from platforms and other nominees; new rules to require platforms and other nominees to pass on fund information and voting rights to consumers and further guidance for independent advisers using platform services.. It is noted that "we have been particularly concerned that if we were to ban payments by fund managers to platforms while excluding others, such as life companies from a ban on receiving such payments this could create bias in the market towards financial services firms which deal with fund manager as principal, fall outside the commission ban of the RDR and would, therefore, be able to continue to receive payments from the fund manager. In light of feedback received, we have decided not to pursue this option; instead, we propose to continue to allow such payments, subject to improved disclosure of the payments to clients and impartiality in the presentation of products on platforms". Responses are required by 17 February 2011. FSA notes that it plans to issue a PS "as soon as possible in 2011".</p>	http://www.fsa.gov.uk/pubs/cp/cp10_29.pdf