

# Retail Compliance Bulletin

No 101 - 30<sup>th</sup> November 2009 (as at 27<sup>th</sup> November)



## Introduction

Retail Compliance Bulletin is a digest of material drawn from the FSA, FSCS and FOS and other carefully selected sources (including HM Revenue and Customs; HM Treasury; Department of Business and Department of Work and Pensions) plus a round up of relevant market news.

Ordinarily, readers should be able to obtain all of the basic information they need on these publications from our Bulletins. However, access to original source material is provided by way of a link at the end of each article. Where we feel that benefit will be gained from reading the source material we will say so.

We strongly recommend that Retail Compliance Bulletins are retained for future reference. They should also be used as the basis of the Compliance Implications section of the Compliance Officer's Report.

## Index

The purpose of this index is to enable readers to readily identify those articles in Retail Compliance Bulletin that are most likely to be of interest to them. We do however suggest that this bulletin should be read in its entirety.

- 1 FSA Issues Handbook Notice No 94
- 2 FSA issues Policy Statement PS09/17: Close links - feedback on CP07/21
- 3 FSA issues Policy Statement PS09/19: Review of the prudential rules for Personal Investment Firms (PIFs) Feedback to CP08/20 and CP09/20 (Chapter 11)
- 4 FSA to simplify system for calculating regulatory fees – CP09/26
- 5 FSA statement re: Walker Review
- 6 Mortgage broker banned for concealing true nature of governance arrangements from the FSA and for mortgage fraud
- 7 FSA bans Essex mortgage broker for advice failings and not having appropriate systems and controls in place
- 8 More Final Notices Issued
- 9 FSA bans Northern Ireland mortgage broker for failing to treat customers fairly
- 10 FSA issues Mortgage Lenders' Round-Up
- 11 Update on CP09/23: The assessment and redress of payment protection insurance complaints
- 12 FSA statement following the Supreme Court ruling on bank charges
- 13 FSA speeches 'flesh-out' Mortgage Market Review
- 14 Greater protections for mortgage borrowers
- 15 Government introduces Financial Services Bill
- 16 FOS publishes Issue 81 of "Ombudsman news"
- 17 Professional standards advisory group agrees final Core Standards for RDR Appropriate Examinations

## FSA – RULE CHANGES & POLICY STATEMENTS

### 1 FSA Issues Handbook Notice No 94

**Who does this affect?** All authorised firms.

**Our Comment:** Mainly administrative and reporting changes; but important new capital resources rules for PIFs

The FSA has issued its latest monthly Handbook Notice (No. 94) containing ten instruments, the most relevant of which are as follows:

#### **Capital Resources and Professional Indemnity Insurance Requirements for Personal Investment Firms Instrument 2009 [FSA 2009/62]**

In force date: 31 December 2009 & 31 December 2011

Amends the capital resources, requirements and professional indemnity insurance rules for personal investment firms. [See also PS09/19 article below]

#### **Close Links Reporting Instrument 2009 [FSA 2009/63]**

In force date: 1 June 2010

Amends the existing close links notification requirements [See also PS09/17 article below]

#### **Supervision Manual (Amendment No 16) Instrument 2009 [FSA 2009/64]**

In force date: 6 December 2009

Makes changes to the Supervision manual in relation to the disclosure of information in connection with applications to the FSA

#### **Supervision Manual (Retail Mediation Activities Return) (Amendment) Instrument 2009 [FSA 2009/65]**

In force date: 6 December 2009

Makes consequential changes to the professional indemnity insurance guidance in the retail mediation activities returns

[http://www.fsa.gov.uk/pubs/handbook/hb\\_notice94.pdf](http://www.fsa.gov.uk/pubs/handbook/hb_notice94.pdf)

Article Reference: RCB301109a

### 2 FSA issues Policy Statement PS09/17: Close links - feedback on CP07/21

**Who does this affect?** All authorised firms.

**Our Comment:** Reporting changes for some

Following consultation in CP07/21, the FSA Board has made changes to COND 2 (Threshold Conditions), SUP 11.9 and SUP 16.5.

These changes follow FSAs recent review of the close links reporting regime. The main driver for this review was to reduce unnecessary burden on firms without affecting FSAs ability to exercise their supervisory functions effectively.

It was also partly in response to Lord Davidson's Review which, amongst other things, looked at how FSA have implemented the requirements of the Post BCCI Directive and subsequent directives in the context of close links.

Several amendments have been made to FSAs proposals in CP07/21. As proposed in the original CP, FSA will be removing the annual report requirement, but only for firms that report their close links on a monthly basis. After further consideration, FSA have decided to keep this annual requirement for firms that elect to report on an event-driven basis.

For firms reporting their close links on a monthly basis, FSA have amended their original proposal to allow firms to submit an organisational chart on a quarterly basis as opposed to a monthly basis.