

The following Compliance articles are for the week ending 8 January 2010.

COMMENTARY

COMPLIANCE CONSULTANTS SEMINAR - RDR PROFESSIONALISM

I was looking forward to seeing some of you on this seminar, however, the FSA have said that if you are registered to attend the above seminar this month, between now and March this year some detailed work is to be undertaken on the RDR and with this in mind they have taken the view that they would have more to discuss and therefore it would be more beneficial to postpone this event until sometime in March.

The FSA will be in contact in the next few weeks with new dates. If you cannot make the new date, a full refund will be given where applicable for those of us who have already paid. The FSA apologise for this inconvenience. Watch this space for updates on RDR.

FSA APPOINTS NEW CONSUMER SENIOR ADVISER

The Financial Services Authority (FSA) has announced the appointment of Julian Edwards to the role of Consumer Senior Adviser. Julian, who will take up the role from 1st January, has more than 30 years experience as a consumer champion working for various organisations including Which and Consumer International.

The Consumer Senior Adviser is a new role which the FSA has established as part of its commitment to deliver better outcomes for consumers through intensive supervision and rigorous risk assessment. The new approach also included a commitment to strengthen the FSA's understanding of consumer issues.

Hector Sants, the FSA's Chief Executive Officer, said: "I am delighted to announce Julian's appointment today as a senior advisor to the FSA. He has considerable experience to bring to bear on the key issues that we face in protecting consumers. Through intensive and intrusive regulation, we are focusing our skills and insight into not just taking action when we find failures, but proactively identifying and addressing issues that have the potential to harm consumers. This is a step change in approach and Julian will have an invaluable role in ensuring that we have the ability to achieve this."

Senior advisers are a core part of the FSA's delivery of intensive supervision. The team provides experience on regulatory, market and now consumer matters.

Source: FSA Website

FSA – QUARTERLY CONSULTATION

This paper is relevant to:

- Firms subject to the Capital Requirements Directive (CRD).
- UK consolidation groups.
- Firms that are unable to hold client money in relation to MiFID business and do not have a safeguarding and administering investments permission (exempt Capital Adequacy Directive (CAD) firms).
- Other investment firms.
- Lloyd's members' advisers.
- Firms carrying out contracts of insurance.

FSA propose amendments to:

- The Principles for Businesses (PRIN) - to reflect the amendment the Treasury made in section 145 of the Financial Services and Markets Act (FSMA) in 2006 that allowed us to properly implement the MiFID communication rules.
- Chapter 16 of the Supervision manual (SUP) relating to the reporting requirements in SUP 16.12, Integrated Regulatory Reporting – its aim is to make it easier for firms to follow our reporting requirements and we do not intend to impose an extra financial or reporting burden on them.
- The Collective Investment Schemes sourcebook (COLL) - to provide greater clarity on winding up and terminating authorised funds.
- The Disclosure and Transparency Rules (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 (TD) in the UK.

The FSA also propose to introduce a new Guidance Note on financial regulation for social housing providers.

Source: FSA Website

NEW NAME FOR PERSONAL ACCOUNTS SCHEME

Responding to PADA's announcement that the new permanent name of the National Workplace Pension Scheme, formerly known as The Personal Accounts Scheme, will be the National Employment Savings Trust (NEST), Maggie Craig, Acting Director General of the Association of British Insurers (ABI) said: "We are pleased that the new name has been announced and hope it will strike a chord with the low paid employees it is targeted for. This new branding must now be a springboard for action. We have for some time stressed the need for an extensive national communications campaign to increase awareness and understanding of pension saving. This would ensure that many more individuals can be helped to build a real nest egg for their retirement. There is little time to lose before the scheme is due to start in 2012."

Source: ABI Website

GOOD PRACTICE GUIDE FOR ONLINE INSURANCE PURCHASES

Customers using the internet to buy general insurance, such as motor and home cover, will benefit from guidance published by the ABI. Over two-thirds of customers are now using the internet to arrange their motor insurance alone.

The good practice guidance is for insurance comparison websites, insurers and brokers selling general insurance online. It aims to ensure that consumers buying insurance over the internet can better identify the right policy for their needs.

The guidance has been developed by the ABI, the British Insurers Brokers Association, the consumers' association Which? and leading insurance comparison websites. Key areas covered by the guidance include:

- **Policy information** - Customers should be able to review key features of their selected policy before they commit to buy
- **Add-ons** - It should be made clear what cover is provided as standard, and which features are being sold as any add-ons, such as home emergency cover under household insurance
- **Excess levels** - The level of any voluntary or compulsory excess should be prominently displayed and clearly explained

- **Referrals** - Customers to whom a quote cannot be offered should be directed to possible alternative sources of help, such as specialist providers

Source: ABI Website

TIME FOR CHANGE TO IMPROVE RETIREMENT INCOME OPTIONS

The ABI has today published policy proposals intended to improve peoples' options for taking retirement income from their Defined Contribution pensions.

The paper, *'Time for Change: Seven proposals to improve DC pension benefits in retirement'*; outlines policy proposals which will remove existing restrictions and enable people to get maximum value from their pension savings. These include proposals to:

- Raise the current age requirement for buying an annuity (or an Alternatively Secured Pensions) from age 75 to 80.
- Encourage the development of 'value protection annuities' and products that provide a lifetime income guarantee.
- Address the issue of 'stranded pots' by harmonising rules for occupational and contract-based DC pensions.
- Increase the income allowance for Alternatively Secured Pensions.
- Introduce proposals to encourage married and partnered couples to consider their joint retirement income needs.

The paper draws on input from pensions industry experts, financial advisers, consumer groups and ABI research into consumers' wants and needs in retirement. The proposals have been published to prompt discussion on the changes needed to ensure the current rules remain appropriate for today's retirees, and allow providers to develop retirement income products that meet their changing needs.

Source: ABI Website

WINNERS AND LOSERS FROM STAMP DUTY HOLIDAY

As the end of the stamp duty holiday arrived on properties sold for between £125,000 and £175,000, the Council of Mortgage Lenders (CML) has looked at which regions have benefitted most and least from the temporary concession. London and the South East are the relative losers, and the total cost of the concession will be much less than the Treasury originally estimated.

In September last year, when the government temporarily raised the nil rate threshold for stamp duty to £175,000, the CML estimated that this would mean the proportion of homebuyers who would not have to pay would rise from a quarter to a half. In fact, at its peak in the first quarter of this year, the concession benefitted even more than this, with 57% of all those buying with a mortgage not having to pay. However, modest house price increases and a shift in the mix of houses bought (towards higher value properties) brought this down to 51% in the third quarter of the year.

The flat nature of the concession - the same in all regions of the country - means that there is a wide geographic variation in the effect. Those areas with generally lower house prices see the greatest benefit.

Last year, just before the threshold was raised, the Northern and Yorkshire & Humberside regions both had the greatest proportion of exempt transactions (purchases under £125,000), but in each of these regions this was still under half. A year later, with the higher threshold in place, over three quarters of transactions in the North are exempt from stamp duty.

Source: CML Website

NEW CHIEF OMBUDSMAN APPOINTED

The board of the Financial Ombudsman Service (FOS) announced that it has appointed Natalie Ceeney CBE as Chief Ombudsman and Chief Executive – to succeed Walter Merricks who stepped down in October 2009 after ten years in the post.

Natalie Ceeney will join as Chief Ombudsman in March 2010 from the National Archives, where she is Chief Executive and Keeper of the Public Records. She was formerly Director of Operations and Services at the British Library – and previously led strategic consultancy projects across a range of industries at McKinsey & Company.

Source: FOS Website

OMBUDSMAN NEWS 82 PUBLISHED

The latest edition covers the following topics:

- Complaints case-studies showing the difference between direct debits, standing orders and continuous-payment authorities.
- Motor insurance disputes involving keys left in cars.
- An interview with Jane Hingston, Lead Ombudsman for banking and credit, about her work on consumer-credit complaints.
- Chief Ombudsman (interim), David Thomas, on the season of grievances and goodwill.

Source: FOS Website

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