

Direct line:
Local fax:
Email:

3rd August 2007

Our Ref:

Your Ref:

Dear Sir / Madam

We are writing to you because your firm is supervised by the wholesale small firms' team and also your permission indicates that there are elements of retail classification. The following is intended to assist you, if necessary, when considering actions you may need to take with regard to Retail Mediation Activities Return (RMAR), MiFID and Treating Customers Fairly.

(RMAR)

There are changes in reporting requirements that came into effect from 1 January 2007.

The RMAR population was extended in April 2007 to include investment firms not already completing the RMAR who undertake specified retail activities. These firms only need to complete the non-prudential sections of the return (sections G, H and I).

There are a large number of firms within the Wholesale Division with permissions which bring them into the RMAR. Whilst a number of these firms will be undertaking business caught by the RMAR we are aware that there is also a significant number who are not, in practice, undertaking business caught by the RMAR. We therefore advise you to review your permissions to ensure that it correctly reflects your firm's business activities, which should then determine if your firm is caught by RMAR.

If you do not agree with the activities, investment and customer types, including limitations that are within the firm's Part IV permission then you must submit a Variation of Permission (VoP) now, which may exclude you from RMAR. Otherwise we expect you to complete the RMAR.

For Your Information –

Who should submit the RMAR

Any firm that has the permission to carry out one or more of the following regulated activities in addition to other regulated activities will need to submit parts of the RMAR return as appropriate:

retail investment activities
insurance mediation; or,
mortgage lending; or
mortgage administration; or
mortgage mediation; or

To help you to establish whether you fall into this category there is more information available at: <http://www.fsa.gov.uk/pages/Doing/Regulated/Firms/index.shtml>

MiFID

Firms also need to consider the possible impact that MiFID will have on existing permissions. Amongst other related matters, you will need to consider client categorisation changes within your existing permission. If you are satisfied that our proposed mapping of existing client types to the MiFID client categories is appropriate to your business, you need take no further action. However, if you need to make changes to your client categorisation in respect of your MiFID business, you should submit a Variation of Permission (VoP). You can view the MiFID Permission and Notification Guide via the following link. http://www.fsa.gov.uk/pubs/international/mifid_guide.pdf

In line with our three month service standard, the 1st of August deadline for processing of VoPs by 1st November has now passed and we would still strongly encourage you to submit your VoP as soon as possible. The following link will direct you to the VoP application forms http://www.fsa.gov.uk/pubs/other/dib_form.doc.

Treating Customers Fairly ("TCF")

In addition, we would also like to remind you of TCF, which is one of our priorities. In our 'Treating customers fairly initiative: progress report', May 2007, we set a deadline for all firms to have appropriate management information or measures in place to test whether they are treating their customers fairly, by the end of March 2008. By the end of December 2008 all firms are expected to be able to demonstrate to themselves and to us that they are consistently treating their customers fairly. We now expect to see firms taking action to ensure a consistent delivery of fair consumer outcomes. Further information is available via the following link:

<http://www.fsa.gov.uk/pages/Library/Communication/PR/2007/088.shtml>

Wholesale Conference – Small Firms

Finally, we wrote to you recently inviting you to the wholesale firms' conference on the 12th September. The conference is specifically targeted at wholesale small firms that operate in the wholesale financial market place and is aimed at chief executives and board level individuals. This will enable us to interact directly with those who have principal responsibility for the identification and management of risks in wholesale financial institutions. We do hope that you will be able to attend this conference, but if not, a member of your management team can do so on your behalf. Please find enclosed programme details and an application form to book a place at the conference.

Yours faithfully

John King
Manager
Wholesale Firms Division