

January 2007

# 07 / 2

*newsletter* ★★★



This newsletter provides a summary of CP07/2. Please see the section 'Who should read this paper?' to see if CP07/2 is relevant to you.

Financial Services Authority

## Review of the Enforcement and Decision making manuals

### Why are we issuing this Consultation Paper (CP)?

This Consultation Paper (CP) seeks views on our proposals arising from a review of our Enforcement manual (ENF) and Decision making manual (DEC).

### Who should read this paper?

This CP will be of interest to all firms (and their professional advisers) that are, or anticipate that they are likely to be, subject to FSA enforcement action. It will also be of interest to all firms likely to be affected by our procedure for deciding on action which requires giving a statutory notice.

### Is this of interest to consumers?

This CP will also be of interest to consumers to the extent they will benefit from or be affected by our approach to enforcement.

## What is the background to this?

Our review forms part of our work towards simplifying our Handbook of rules and guidance (the Handbook) and promoting better regulation. Our goal has been to make the material in the two Handbook modules more useful and easier to navigate by shortening and updating both manuals.

We propose to delete ENF and DEC and to replace them with a new module – ‘the Decision Procedure and Penalties manual’ (DEPP) - and a new regulatory guide – ‘the Enforcement Guide’ (EG). EG will not form part of the Handbook, but we will continue to consult on any material change to our enforcement policy.

We have not sought to make extensive changes to our existing policy or practice relating to enforcement or decision making. But many of the statements in DEPP and EG will give a new emphasis to certain areas where our existing policy statements do not do justice to current FSA thinking or priorities. We also propose some substantive changes to existing policy in a few areas.

## How is the CP set out?

The CP is structured as follows:

- Chapter 1 is this overview.
- Chapter 2 explains the background and context for the review of ENF and DEC.
- Chapter 3 sets out our high level proposals. It includes a description of the proposed structure for DEPP and EG and explains the status of EG.
- Chapter 4 contains our detailed proposals for DEPP.
- Chapter 5 contains our detailed proposals for EG.
- Chapter 6 explains how we will approach future reviews of EG and DEPP and transitional matters.
- Annex 1 sets out our cost benefit analysis and compatibility statement.
- Annex 2 lists the questions in this CP.
- Appendix 1 contains the draft DEPP Handbook text, our other proposed Handbook amendments and the draft EG text.

## What happens next?

The consultation on this CP will close on 10 April 2007. We plan to publish feedback on responses to this CP in a policy statement at the end of June 2007. Our intention is to replace DEC and ENF with DEPP and EG respectively in July 2007.

This newsletter summarises Consultation Paper 07/2. The Financial Services Authority invites comments on this CP. Comments should reach us by 10 April 2007.

Comments may be sent by electronic submission using the form on the FSA's website at ([www.fsa.gov.uk/pages/library/policy/cp/2006/cp07\\_02\\_response.shtml](http://www.fsa.gov.uk/pages/library/policy/cp/2006/cp07_02_response.shtml)).

Alternatively, please send comments in writing to:

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**It is the FSA's policy to make all responses to formal consultation available for public inspection unless the respondent requests otherwise. A standard confidentiality statement in an e-mail message will not be regarded as a request for non-disclosure.**

## How can I get the full paper?

You can download the full Consultation Paper from:

[www.fsa.gov.uk/pages/Library/Policy/CP/2006/07\\_02.shtml](http://www.fsa.gov.uk/pages/Library/Policy/CP/2006/07_02.shtml)

Or you can order hard copies of the paper:

Phone our helpline on **0845 608 2372**, quoting reference **CP07/2**

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