

November 2006

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newsletter



This newsletter provides a summary of DP06/5. Please see the section 'Who should read this paper?' to see if DP06/5 is relevant to you.

Financial Services Authority

FSA confirmation of Industry Guidance

Why are we issuing this DP?

We committed in our 2006/07 Business Plan to 'research more closely how the FSA can work with industry codes and similar mechanisms in both solving market failure problems and defining practices and procedures which are consistent with an FSA rulebook based more on high-level principles'.

We have completed this work and developed proposals, which we have set out in this Discussion Paper.

Who should read this paper?

This paper will be of particular interest to regulated firms in understanding how they may make use of confirmed Industry Guidance and the reliance they can place on it. It will also be of interest to parties that may consider developing Industry Guidance.

How will these proposals affect consumers?

These proposals may be of interest to consumers as it is possible regulated firms might refer to their use of Industry Guidance. However, we do not consider our proposals will have a significant impact on consumers.

What is the background to this?

In our 2006/07 Business Plan, we restated our intention to move towards a more principles-based approach to regulation. We plan to place more reliance on the 11 Principles for Businesses and high-level rules. We believe this approach will provide firms with greater flexibility to decide how best to meet our requirements, encourage greater innovation and align good 'regulatory' practice with good 'business' practice.

We plan to facilitate greater use of Industry Guidance as we move towards a more principles-based approach to regulation. Here we outline a framework for the industry to gain recognition from us for the guidance it produces. We provide details on how we propose to operate within this framework and the impact that the wider use of Industry Guidance may have on our stakeholders and us.

How is this paper set out?

The points we focus on in this paper are:

- defining Industry Guidance;
- formalising how we propose to recognise Industry Guidance by way of giving 'FSA confirmation', including the use of standardised wording;
- providing clarity concerning the legal status and implications of recognising Industry Guidance;
- outlining the parameters that Industry Guidance should fall within, in order to gain recognition;
- detailing our clear, fair and transparent processes for dealing with requests for 'FSA confirmation'; and
- providing case studies to illustrate our proposals.

What happens next?

We intend to give feedback on our proposals and on comments we receive next year.

This newsletter summarises Discussion Paper 06/5. The Financial Services Authority invites comments on this DP. Comments should reach us by 1 February 2007.

Comments may be sent by electronic submission using the form on the FSA's website at (www.fsa.gov.uk/pages/library/policy/dp/2006/dp06_05_response.shtml).

Alternatively, please send comments in writing to:

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The Financial Services Authority,
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Canary Wharf,
London E14 5HS

Telephone: 020 7066 3094 Fax: 020 7066 3095 E-mail: handbookreview@fsa.gov.uk

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 Discussion Paper from:

www.fsa.gov.uk/pages/Library/Policy/DP/2006/06_05.shtml

Or you can order hard copies of the paper:

Phone our helpline on **0845 608 2372**, quoting reference **DP06/5**

Order online at: <http://www.fsa-ec.com/>

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