

Appendix Five: Simplification Plan Update

In December 2006 and 2007 we published a Simplification Plan that outlined how we have improved – and planned to continue to improve – the regulation of the financial services industry. The Simplification Plan followed a series of publications in 2006 related to better regulation – two studies of the costs of regulation (including administrative burdens), one on the benefits of regulation and an update to our Better Regulation Action Plan.

We believe it is sensible to combine our simplification reporting with our annual accountability cycle – a forward-looking statement of simplification initiatives with the Business Plan and a review in the Annual Report of the simplification we have achieved. Linking our presentation of simplification work to our corporate planning process will be more efficient and enable us to give a more complete picture of our work. It will also enable stakeholders to see how we are meeting our statutory objectives and Principles of Good Regulation (contained in the Financial Services and Markets Act 2000 (FSMA)).

This Appendix therefore highlights the new simplification measures and principal incoming burdens identified in the main Business Plan which were not contained in December's publication.

The Treasury published its Simplification Plan, with measures relating to financial services, on its website in December 2007.

Simplification measures

Title / Policy / Initiative	Nature of burden	Description of simplification measure	Outcomes (including sector/s to benefit)	Estimated cost savings and CBA status where applicable	Delivery
Online applications and notifications	Admin	We will implement a facility for firms to make online applications and notifications.	It will be easier for firms seeking authorisation, approval for individuals or a waiver, to notify us of changes of control or an outward passport, or to establish a collective investment scheme. It will allow more efficient processing.	This is expected to lead to cost savings within the FSA in excess of £1m each year. Greater ease in completing forms should result in shorter processing times due to less queries and clarifications being raised by FSA case officers. The ability to interact with us on a consistent and reliable electronic platform should yield efficiency savings for firms.	To be confirmed.
Mutual Societies registration service	Admin	We will improve the registration process by making better use of our website and automating our processes.	Mutual societies will benefit from quicker turn around of registrations and notifications.	To be determined.	To be determined.

Principal incoming burdens

Title / Policy / Initiative	Nature of burden	Outcomes (including sector/s to benefit)	Estimated cost savings and CBA status where applicable	Delivery
European requirements				
Payments Services Directive (PSD)	Policy /admin	The PSD is largely a maximum harmonising directive. Implementation in the UK will be guided by risk-based considerations, in particular proportionality and workability. The Government has recently announced that the FSA will be the competent authority for most aspects of the PSD. Planning for implementation of this directive, which will affect providers of payment services (which are currently largely unregulated), is still in its early stages.	The Treasury's high-level consultation paper on the implementation of the PSD includes an Impact Assessment and seeks respondents' views on how the PSD affects them. More detailed cost-benefit analysis will be done in the light of responses to this.	The PSD must be implemented by November 2009.
Changes to FSA scope				
The regulation of travel insurance sold alongside a holiday or other related travel (connected travel insurance) will be added to the scope of the FSA.	Policy /admin	We expect about 400 travel firms will come into the FSA's remit (200 directly authorised and 200 as fully appointed representatives). Regulation will extend FSA protection to customers of connected travel insurance.	The Treasury published a Regulatory Impact Assessment in June 2007 and a further Impact Assessment in December 2007. We included a cost-benefit analysis in our Consultation Paper, published in December 2007.	A Consultation Paper was published in December 2007. Regulation is expected to begin on 1 January 2009.