

Mr David Jackman
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The Financial Services Authority
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6 September 2000

Our Ref: LA20 T&C

Dear David

CP60: Feedback Statement to T&C Sourcebook

As you know the Panel has a keen interest in the effectiveness of the training and competence regime and submitted a detailed response to CP34.

We were grateful to your colleagues for a very clear paper setting out how the Panel's comments had been taken into account in preparing the Feedback Statement and we gave our comments on the content of the Statement at that stage.

Since then the Feedback Statement has been published containing further draft rules and the Panel has a comment to make on the proposed record keeping requirements. The Panel welcomes the proposal that records relating to pension transfers and opt outs should be kept indefinitely.

However, the rules also propose harmonising record keeping requirements at three years, the lowest period required by any of the existing SROs. The Panel does not find the rationale for harmonisation at three years convincing. The arguments used are the same as those made in relation to CP45, the Conduct of Business Sourcebook. As the Panel noted in its response to CP45, the FSA has encountered widespread difficulties with record-keeping in the past and, with the move to risk-based supervision, firms may be visited less frequently, making records more important. Further, the case for strengthening or at least maintaining existing requirements is particularly strong because, if most firms are keeping the material anyway, there is little likelihood of any compliance cost benefit to the industry arising from the reduction. In the Panel's view, there should not be a presumption that harmonisation of record keeping requirements should always be at the lowest level.

I would be grateful if you would continue to keep the Panel informed as the training and competence regime develops.

Yours sincerely

A handwritten signature in black ink that reads "Barbara Saunders". The signature is written in a cursive style with a small flourish at the end.

Barbara Saunders
Chair
FS Consumer Panel