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Jeremy Clivaz  
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Financial Services Authority  
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London, E14 5HS

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Our ref:

Dear Jeremy,

**Consultation paper 69: The professional firms sourcebook**

I am writing to you with the Financial Services Consumer Panel's response to CP 69.

We welcome the proposed disclosure rules set out in CP 69, but they can only be properly assessed in the light of how they will interact with rules from the designated professional bodies. Please see further comments, below, on this.

**Interaction of FSA's and professional bodies' rules**

We look to FSA to involve the Panel in its discussions with the designated professional bodies about their rules. For example, Chapter 4 of the consultation paper is silent on the disclosure of complaint and redress arrangements about which clients ought to be informed, presumably because it will be covered by the rules of the designated professional firms.

Furthermore, there is no indication in the consultation paper of the circumstances, except perhaps gross misconduct, in paragraph 1.6 when a Direction may be given.

**Mixed firms and appointed representatives**

The consultation paper acknowledges the existence of mixed firms and we can see that responsibility for supervision will be clear enough if only an accountant in a mixed firm is allowed to undertake financial business in a mixed firm. We are less clear what happens if, within a single firm, solicitors and their accountant partners all provide financial services. Will there be a lead designated professional body?

There is a similar issue with regard to appointed representatives. Authorised firms are responsible for their appointed representatives, but the designated professional bodies will also have responsibilities for the conduct of exempt firms undertaking regulated activity. The consultation paper does not attempt to explain how this fits together. For example, will appointed representatives be subject to any disclosure rules specific to them?

Our last point is to repeat that we think that there is a lot of work to do educating professional firms about the boundary between mainstream and incidental investment business.

Yours sincerely,



**Colin Brown**  
Vice-Chairman  
FS Consumer Panel

cc.

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