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Our ref: CP 151 smb

Dear Samar

Consumer Panel Response to CP 151: Miscellaneous Amendments to the Handbook (No 4)

The Panel has taken a particular interest in proposed changes to the Conduct of Business Sourcebook and the Compensation Sourcebook.

Conduct of Business Sourcebook

The Panel supports the introduction of a rule to require, for each broker fund contract, a written agreement between the product provider, the broker fund adviser and any other person responsible for managing the fund. The agreement will set out the responsibilities of each party, together with objectives, policies and strategies to be followed. The Panel agrees that this will provide an important reference point and protection for everyone involved.

The second rule change we have considered would allow an IFA to place his customers into a broker fund of an overseas life office only when the terms of the life policy must have stated that the life office was responsible to the client for the acts and omissions of the broker fund adviser, as if they were the acts and omissions of the life office. The Panel supports this change which should lead to enhanced consumer protection.

Compensation Sourcebook

The Panel also supports the amendment relating to compensation coverage for deposits made with credit unions before 2 July 2002. The Panel welcomes the proposed unified system for the handling of compensation claims relating to pre-

2 July 2002 credit union deposits.

Yours sincerely,



Colin Brown
Chairman
FS Consumer Panel

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