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Financial Services Authority
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28 June 2006

Our ref: CP06/5**

Dear Keith

CP06/5 The regulation of personal pension schemes including SIPPs**

This is the Financial Services Consumer Panel's response to CP 06/5**: The regulation of personal pension schemes including SIPPs. The Consumer Panel generally supports the proposals made in this consultation paper, although we are concerned about arrangements during the interim authorisation period.

We have focused our response on the following specific questions.

Chapter 4 – Authorisation – prudential requirements

Q3 Do you agree that an operator of a personal pension should be subject to the capital resources requirement proposed? If not, what level of capital do you consider would be appropriate, and why?

Whilst we believe that the operator of a personal pension should be subject to a capital resources requirement we are not in a position to comment on the appropriate level.

Q4 Do you agree that a firm that provides advice on, and the promotion and arranging of, rights under personal pension schemes should not be subject to financial resources requirements in addition to those already set out in our existing requirements? If not, what do you consider would be appropriate, and why?

We agree with this proposal.

Chapter 5 – The authorisation process

Q5 Do you agree with our proposal to open our doors for applications on 2 October 2006 even if our rules have not been published by that date?

We support the proposal that applications should be accepted from 2 October 2006. However, HMT has already indicated that it intends to apply similar conditions to the

interim authorisation of firms operating personal pension schemes as has been applied to mortgage and general insurance firms in the past. Consequently consumers doing business with interim authorised firms will not have access to the Financial Services Compensation Scheme. We consider this to be detrimental to consumers' interests. Furthermore, if the FSA's approach to the supervision of interim authorised firms is unchanged, consumers will have to rely on individual firms to disclose their interim status and the limitations that this imposes on their rights as consumers without compliance checks being undertaken by the FSA. The potential detriment to consumers would be greatly reduced if the closure date for applications for authorisation was 31 December 2006. This should, we feel, balance the need of firms to have a reasonable period in which to submit their applications and the need of consumers to have their interests adequately protected.

Chapter 7 – Conduct of Business and Client Assets

Q12 Do you agree that all personal pension schemes should be included within the 'packaged product' regime?

We agree with the proposal to include all personal pension schemes within the 'packaged product regime'.

Q13 Do you agree with our proposed treatment of schemes under the depolarisation and 'menu' rules?

We agree with the proposed treatment of schemes under the depolarisation and 'menu' rules.

Q14 Do you agree with our proposals for product disclosure in respect of the newly regulated schemes in any transitional period between April 2007 and November 2007?

We agree with these proposals.

Chapter 8 – Complaints and Compensation arrangements

Q16 Do you agree with our proposal to ensure that beneficiaries under a personal pension scheme or a stakeholder pension scheme can claim on the FSCS about the activities of a person establishing, operating or winding up the scheme?

We agree with this proposal.

Q17 Do you agree with our proposal to enable firms which are the trustees of a personal pension scheme or are the persons operating or winding up a personal pension or a stakeholder pension scheme (which is not an occupational pension scheme) to claim on the FSCS?

We agree with this proposal.

Q19 Do you agree with our proposal to extend the class of persons who can claim on the FSCS in respect of a company in the same corporate group?

We agree with this proposal.

Q21 Do you agree with our proposal to ensure that members and other beneficiaries can complain to the FOS in respect of persons establishing, operating or winding up a personal pension or stakeholder pension scheme?

We agree with this proposal.

Q22 Do you agree with our proposal to amend DISP to enable members or other beneficiaries to complain to the FOS about advice given to the persons establishing, operating or winding up a personal pension or stakeholder pension scheme or about product providers who have provided investments for the scheme?

We agree with this proposal.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'JH', written over a horizontal line.

John Howard
Chairman