

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Our ref: Consultations CP06/07**

29 June 2006

Dear Sadya

Consultation Paper 06/7 Single and Dual Pricing for Authorised Collective Investment Schemes**

The Financial Services Consumer Panel has no objection to authorised fund managers of both investment companies with variable capital and authorised unit trusts having discretion to decide which method of unit pricing to follow. We would however have liked the FSA to have commissioned research into consumers' views before the Paper was published, rather than as part of this consultation.

We note that the FSA's rules would require a prospectus to state which pricing method a fund uses. What is less clear is how far the rules would require an explanation of the implications of that. The Paper says only that the FSA would "expect" the prospectus to be accompanied by an explanation and the simplified prospectus/key features document to cover this at the same time as the procedures for buying and selling units; and that firms should ensure that the disclosures use clear language and do not assume knowledge of the practice of dual pricing. If these requirements are not to be prescribed we would like the FSA to undertake monitoring of the quality of these documents from a consumer perspective, perhaps as part of its thematic work.

Finally, we agree that any change from one method of pricing a fund to another would be a significant change requiring 60 days' notice to investors.

Yours sincerely



John Howard
Chairman
Financial Services Consumer Panel