

# Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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5 December 2007

Our ref:CP07/18

Dear Mark

## **CP07/18 Quarterly Consultation No 14**

This is the Financial Services Consumer Panel's response to the proposals in Chapter 7 of CP07/18 Quarterly Consultation No 14.

We have focused in particular on the proposals in Chapter 7 of the Paper that relate to covered bonds. We have considered these proposals in the context of the legislative framework set out in the recent H M Treasury/FSA Consultation Paper which has not, as yet, been adopted. As we made clear in our response to that Paper, we did not believe that the proposed approach provided enough safeguards as to the quality of underlying assets and that insufficient regard had been paid to a number of pragmatic issues. Consequently we are not persuaded that it would be appropriate to remove the 80% overall limit for Non-UCITS Retail Schemes investing in covered bonds. This would, we believe, raise the level of potential concentration risk to an unnecessary degree and more generally, we would prefer to see the same limits applied to UCITS and Non-UCITS funds.

Yours sincerely,



John Howard  
Chairman  
Financial Services Consumer Panel