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Financial Services Authority
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Our ref:CP07/16/MT

Dear Joyce

CP07/16 Consequential Handbook amendments (arising from implementation of MiFID and creation of NEWCOB)**

This is the Financial Services Consumer Panel response to CP07/16** Consequential Handbook arrangements (arising from implementation of MiFID and creation of NEWCOB).

Chapter 2: Amendment of client classifications for use in PRIN

Q1: Do you agree with our proposal to retain the current application of PRIN to non-designated investment business?

The Panel agrees with the FSA's proposal to retain the current application of PRIN to non-designated investment business. We understand that the MiFID/NEWCOB client classifications have resulted in some confusion and uncertainty about the detailed application of the principles in practice. In the move to principles-based regulation the Panel would like to be satisfied that the FSA ensures that the principles are correctly worded, appropriately applied and are enforceable.

Q2: Do you agree with our proposal to give further consideration to the broader policy implications of the application of PRIN in the fourth quarter of 2007?

The Panel agrees with the proposal.

Chapter 4: Disapplication of CF8 (apportionment and oversight)

Q5: Do you agree with our approach?

The Panel is concerned that the removal of the individual apportionment and oversight requirements and the resulting move to collective responsibility will result in difficulties in taking effective enforcement action against individuals. We have highlighted in the past the relatively low level of FSA enforcement action taken against individuals and we remain concerned that it will continue to prove difficult.

Chapter 7: Other matters

Q10: Do you agree with the proposals set out in this chapter?

The Panel has no objections in principle to these proposals if they clarify the post MiFID requirements. However where these proposals implement a change from the existing regime we would recommend that the FSA review the impact of the changes to ensure that no consumer detriment has taken place. Although the removal of the 'no promotion' rule appears to be reasonable, we hope that firms will not find ways to circumvent the 'no selling' rule.

The Panel is concerned that the greater choice over publication arrangements could possibly result in the fragmentation of post-trade data and we would like to know if any consideration has been given on how to address this problem should it occur.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'J. Howard', written in a cursive style.

John Howard
Chairman