

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Ms Eve Engledow
H M Treasury
Financial Stability and Regulatory Policy
Room 4/24
1 Horse Guards Road
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Our ref: Consultations HMT

3 March 2006

Dear Ms Engledow

Regulatory Reform Order: A Consultation on Proposed Changes to the Financial Services and Markets Act 2000 ("FSMA")

This is the Financial Services Consumer Panel's response to the FSMA Regulatory Reform Order Consultation Paper.

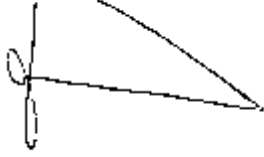
The requirement on the FSA to consult publicly on changes it proposes to make to its rules and guidance provides a much needed set of checks and balances on the regulator's policies and practices. Generally speaking we would be opposed to a removal of those checks and balances. Given the limited circumstances set out in the Paper however the Panel is prepared to support the current proposals although it would like to see:-

- An indication from the FSA as to what constitutes "minor effect".
- A continuance of the arrangements between the FSA and the Panel to ensure that the Panel is notified in advance of all proposed changes to rules and guidance, whether or not the FSA proposes to consult, and to give the Panel the opportunity to comment on them.

This second safeguard will enable the Panel to comment on the potential consumer impact of proposals and to monitor, on a low key basis, the frequency and nature of cases where the FSA intends to proceed without consultation. This would not place a significant burden on the FSA as it is already the FSA's general practice to offer the Panel early sight of changes it proposes to make.

We will be writing to the FSA separately on the more general issue of "Better Regulation."

Yours sincerely

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Chairman