

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

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Strategy and Competition Division
Financial Conduct Authority
25 The North Colonnade
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Dear Seema,

CP16/1 Consequential changes to the Senior Managers Regime

The Financial Services Consumer Panel welcomes the opportunity to comment on the proposals set out in CP16/1.

The Panel believes that there is a need for consistent and transparent reporting of conduct breaches from firms. It is important that firms apply the rules consistently, which means there needs to be a common understanding of what does and does not constitute a "material" breach. If firms apply their own definitions, the inconsistency that will result will prevent the regulator from comparing conduct and culture in one firm with that of another. The Panel believes that FCA supervision must make sure all firms' practices and procedures are reducing conduct risk, and firms are reporting the breaches they need to.

The risk of employees who breach conduct rules moving from one firm to another is increased if the decision to take disciplinary action, or how firms define a 'material' breach, is treated inconsistently between firms. As we said in response to CP15/31, it should not be possible for middle managers to move between firms under the radar of the new conduct regime. This would be unfair to the firms hiring them, would increase the likelihood of poor conduct, and ultimately will result in more consumer detriment.

Yours sincerely



Sue Lewis
Chair
Financial Services Consumer Panel