

Financial Services Consumer Panel

AN INDEPENDENT VOICE FOR CONSUMERS OF FINANCIAL SERVICES

Telephone: 020 7066 9346

Email: enquiries@fs-cp.org.uk

Ric Wilding
Client Assets Policy
Prudential Banking and Investment
Business Policy
Financial services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

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Our ref: CP10/9**

Dear Mr Wilding

CP10/9 Enhancing the Client Assets Sourcebook**

This is the Financial Services Consumer Panel's response to CP10/9** Enhancing the Client Assets Sourcebook (CASS).

The Panel is not in a position to respond to the detailed questions in the Paper. Nevertheless we strongly support the FSA's objective of enhancing the Client Assets Sourcebook and strengthening the position of retail investors whose assets can be in jeopardy in the event of a firm's insolvency. We are particularly pleased to see the FSA replacing guidance with specific rules where it is so clearly justified.

It is evident from the Paper that the FSA can only apply its proposed rules to UK authorised prime brokers, as asset regulation is a home state responsibility. We would like the FSA to monitor the action taken by other regulators to identify any gaps in the levels of retail investor protection in this area and, so far as possible, to lobby for action to remedy the shortcomings.

Finally, the Panel is pleased that the FSA has set up a specialised unit to improve CASS risk identification, assessment and mitigation with the aim of increasing levels of compliance with CASS. Given the significant levels of consumer detriment that have arisen in the past due to firms' failure to comply, it is important that the FSA deals swiftly and effectively with all cases of non-compliance.

Yours sincerely

Adam Phillips
Chair
Financial Services Consumer Panel