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Our ref: CP10/22\* Qtly CP Ch 8

Dear Jonathan

## **CP10/22\* Quarterly Consultation No 26 Chapter 8: Retail Distribution Review: Professionalism Notifications**

This is the Financial Services Consumer Panel's response to the proposals in Chapter 8 of CP10/22\* relating to professionalism notifications.

As is noted in the Paper, firms are already required to monitor the competence and ethical behaviour of their advisers on a continuing basis. It is entirely appropriate that firms should notify the FSA if they identify issues or events which call into question an individual adviser's competence or standard of ethical behaviour. We agree too that the proposed notification requirements should apply from January 2011.

The Paper sets out four<sup>1</sup> main areas where notifications should be made, including failure to comply with a Statement of Principle in the Statements of Principle and Code of Practice for Approved Persons (the Principles), in carrying out the controlled function. In our response to CP10/12 (Competence and ethics) we supported the inclusion in the Handbook of additional guidance/examples around behaviours that did not comply with the Principles. For principle 1 (act with integrity) we recommended that the description of non-compliant behaviour should be "deliberately not acting in the best interests of a customer." We also called for the inclusion of specific reference within the descriptions to the FSA's Treating Customers Fairly outcomes. Similarly we would like notifications to be made under

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<sup>1</sup> The adviser is no longer considered competent; has failed to attain an appropriate qualification in time; has failed to comply with a Statement of Principle; and/or performed an activity outside the adviser's area of competence without supervision

these new arrangements in CP10/22 when an adviser has not treated a customer fairly and/or has deliberately not acted in the best interests of a customer.

Yours sincerely

Adam Phillips  
Chair  
Financial Services Consumer Panel