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Handbook Review Team  
Financial Conduct Authority  
12 Endeavour Square  
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17 December 2018

Dear Sir / Madam,

**Brexit: proposed changes to the Handbook and Binding Technical Standards – second consultation CP18/36**

The Financial Services Consumer Panel welcomes the opportunity to respond to this consultation. We support the overall direction the FCA is taking in its proposed changes. We have only responded to the questions where we have a view.

**Q4: Do you agree with our proposals to remove the claims representative requirement and retain our claims handling requirements?**

Yes.

**Q5: Do you agree with our proposed changes to COBS 4 and COBS 6 in respect of compensation disclosures?**

Yes.

**Q7: Do you agree with our proposal to amend COBS 10A.4.1R(2)(a) and (b) to include reference to shares and bonds admitted to trading on EEA regulated markets? If not, why?**

Yes.

**Q8: Do you agree with our proposal that we should rely on the new Handbook Glossary term for UCITS post exit and continue to treat UK and EEA UCITS as financial instruments in relation to which an appropriateness assessment is not necessarily required? If not, why?**

We agree it would be sensible to minimise disruption. However, it is essential that this only applies to firms providing these products that are within the FCA's Temporary Permissions Regime (TPR).

**Q9: Do you agree we should continue to allow ISPVs assuming risks from EEA insurers to do so under COBS 18.6A?**

It is essential to diverge from the baseline approach here, providing the firms are within the TPR. However, where these products are highly risky, the FCA should keep the approach under review.

**Q18: Do you agree with our proposals for applying the SM&CR to dual-regulated branches?**

Yes. We think it is important the SM&CR applies to all branches as long as they are in the TPR.

**Q19: Do you agree that consumers of EEA firms in the TPR with UK establishments should be protected by the FSCS, on an equivalent basis to other UK authorised firms, for activities from those establishments during TPR? If not, why?**

Yes. It is important to offer the same consumer protections as UK consumers enjoy now, as long as the firm remains in the TPR.

**Q20: Do you agree that we should continue to provide FSCS cover for activities of certain incoming fund managers without an establishment in the UK during TPR, as they are already covered by the FSCS without any need to "top up"? If not, why?**

Yes. It is important to offer the same consumer protections as UK consumers enjoy now, as long as the firm remains in the TPR.

**Q21: Do you agree with the proposed guidance for incoming EEA-based firms relating to material changes in home state compensation scheme coverage? If not, why?**

We are unsure as to why the FCA is only proposing guidance. The provision of this information should be mandatory. While we agree that the Principles should apply to incoming firms, we think that relying on principles alone may be inadequate to protect consumers. Breaches of FCA rules would be easier to enforce against.

**Q22: Do you agree that services firms in the TPR should be included in the Compulsory Jurisdiction of the Financial Ombudsman Service and our complaints-handling rules and guidance? If not, why?**

Yes.

**Q23: Do you agree with our proposals regarding EEA services firms in the TPR who are already members of the Voluntary Jurisdiction? If not, why?**

Yes.

**Q24: Do you agree with our proposals regarding status disclosure for firms in the TPR? If not, why?**

Yes, but the wording should be simplified and more direct so consumers can fully understand what they are signing up for, and what the consequences of dealing with a firm in the TPR might be.

**Q26: Do you agree with our proposed approach about the exemption for UCITS manufacturers from producing a PRIIPs KID?**

Yes, but we assume major disruption will be minimised by the recent extension of the exemption, so the FCA may need to review the proposal in light of this. The proposal should also take into account the feedback on the PRIIPs risk indicators highlighted in the FCA's recent PRIIPs call for input.

**Q27: Do you agree with the proposed changes to the BTS under PAD?**

Yes.

Yours sincerely

Sue Lewis  
Chair, Financial Services Consumer Panel