



Annual Conference

Wednesday 17 November 2010

The TISA logo is centered at the top of a dark green rectangular box. The logo consists of the letters 'TISA' in white on a dark green background with a curved, abstract shape to the left.

ANNUAL CONFERENCE

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A light green rectangular box with a curved, abstract shape on the left side. The text is centered in the upper right area.

Developments in the retail
investment market

Peter Smith

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Making the investment market work better for consumers

Peter Smith
Head of Investments Policy
FSA



Agenda

- Regulatory reform
- Consumer protection strategy
- Retail Distribution Review
- Platforms

Regulatory reform



- Continue to deliver existing priorities
- Implementation of shadow organisation from early next year
- All regulated firms still have the same responsibilities

Consumer protection strategy



Objectives

- Making the retail market work better for consumers
- Avoiding the crystallisation of conduct risks that exceed our risk tolerance
- Aiming for prompt and effective redress for consumers

Consumer protection strategy



- Comprehensive risk analysis
- Sector-wide intervention
- Intervention further up the value chain
- More intensive approach to supervision
- More aggressive use of enforcement tools
- Improve the framework and delivery of redress
- Early and effective influencing at EU level

Retail Distribution Review



- Improve the clarity with which firms describe their services to consumers
- Address the potential for adviser remuneration to distort consumer outcomes
- Increase the professional standards of investment advisers

RDR dependent work streams



- Pure protection (PS10/13)
- Group personal pensions (PS10/10)
- Platforms (CP10/29)

Platforms CP



- CP10/29 published today
- Proposals for platforms and product providers in relation to the RDR
- Proposals for platforms and others firms holding customer assets as nominees
- Consultation period closes 17 February 2011

What is a platform?



- FSA Handbook currently defines a funds supermarkets service but not wrap platforms
- Funds supermarket definition to be replaced by definitions for a platform service and platform service provider
- The new definition will capture wrap supermarkets and other firms as well
- There is no intention to capture products or activities which are an integral part of discretionary management or advisory services - but a firm's execution only services may be included.
- Firms should carefully check the definition to see if they are affected
- We acknowledge that this is a complex area to define and we welcome comments

The main proposals



- RDR related proposals:
 - Improved disclosure of platform remuneration
 - Rules to ensure the unbiased presentation of products on platforms
 - A ban on cash rebates to consumers from product provider charges
 - Rules on the use of platforms by intermediaries
- Reregistration
- Post sale information and voting rights.



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Some closing thoughts



- The regulatory philosophy of the FSA will be carried forward
- The RDR remains a key priority – firms should be taking action now to be ready
- We will continue to take action to protect consumers