

FSA ABOLITION



On 16th June 2010, as part of his speech regarding the reformation of financial services, George Osborne announced that the FSA is to be abolished in its current form.

The Bank of England will now regain control of macro-prudential regulation and oversight of micro-prudential regulation, by establishing a Financial Policy Committee (FPC).

A new prudential regulator - The Prudential Regulation Authority (PRA) will be set up as a subsidiary of the Bank of England and it will focus on the regulation of financial firms, including banks, building societies, investment banks and insurance companies.

There will also be a new Consumer Protection and Markets Authority (CPMA) set up.

It will be in charge of regulating the conduct of every authorised financial firm providing services to consumers.

It will also be charged with ensuring the good conduct of business in the UK's retail and wholesale financial services, in order to preserve the UK's reputation as one of the world's leading global financial centres.

It is set to maintain the FSA's existing responsibility for the Financial Ombudsman Service (FOS) and oversee the newly created Consumer Financial Education Body (CFEB), which will play a key role in improving financial capability. The CPMA will also have responsibility for the Financial Services Compensation Scheme, although it will work closely with the FPC and the PRA if any crises occur.

The new plans do not indicate any changes to regulations, and if anything it is likely the structural changes will increase scrutiny rather than result in a decrease.

The government is to produce a policy document before its summer recess to provide more details on the new set up, but the new regime will not be in force until 2012.

We will continue to monitor developments and update our clients as and when more details emerge.

This firm is not authorised under the Financial Services and Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services to clients because we are members of the Institute of Chartered Accountants in England and Wales. We can provide these investment services if they are an incidental part of the professional services we have been engaged to provide. The services described in this document may include investment services of this kind.



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