

Big guns spin in

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Between 10 May and 5 June, no less than six speeches were given by FSA directors and senior managers, all on the subjects of principles-based regulation, achieving fair outcomes and Treating Customers Fairly.

The FSA does mean business when it wheels out its big guns in the names of Clive Briault, Stephen Bland, Dan Waters and Vernon Everitt. All of these speeches came just before the reporting on the Retail Distribution Review and there is little doubt that we are seeing an acceleration in the evolution of this form of regulation.

But despite being repeatedly told by the FSA that principles are not new and that they have always existed alongside more prescriptive rules, you would not be out of touch in wondering how we have reached a very different regulatory climate than that which existed in 2001. It seems that by each speech, regulatory spin and what some commentators call 'regulatory creep', we find ourselves operating in a regulatory climate that is heavily focused on principles and where compliance with those principles is to be judged by firms achieving benchmarks in the form of fair outcomes for their customers. Achieving a fair deal for retail customers has been one of the FSA's regulatory priorities since it took office but the step change that we are experiencing is being implemented with the minimum of statutory consultation.

Fair outcomes for customers must be good for the future of the industry but a full consultation would have been equally fair. The speeches are being delivered in a vacuum of consultation and industry-wide participation. The messages are polished and in theory the concepts are admirable. But one cannot help wondering whether the regulator's approach is going to achieve its goals. The outcome of John Tiner's legacy will be measured over time. The stakes are high and the responsibility for the regulatory success will rest with the industry.

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