

Progress report

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In mid-December, the FSA published two reports of significance. The first is 'How we evaluate our performance – the outcomes performance report and developments in our approach since 2002'. The second is the 'FSA simplification plan update'. Neither report was alerted to us by a press release but the latter report did state: "We will continue to look actively and imaginatively for ideas and opportunities for review and encourage you to offer further thoughts and suggestions." I must say it is very tempting.

The first paper looks at how the FSA has evaluated its own performance in achieving outcomes and what lessons have been learned over the last five years and what we can look forward to in the future. The FSA has set about this evaluation by producing an outcomes performance report and this will include the effectiveness of its move towards principles-based regulation. This is derived from three strategic aims of helping retail customers achieve a fair deal, promoting efficient, orderly and fair markets and improving the FSA's business capability and effectiveness. It consists of nine specific outcomes and once every six months the executive committee and the board receive a report on the status of the outcomes and progress made. In effect, the outcomes performance report is a barometer to enable the FSA to gauge progress against its strategic aims.

The second paper updates us on how the FSA is progressing with simplifying the regulatory regime to bring it more in line with more principles-based regulation and make it more flexible to implement EU requirements. Already we have seen substantial reforms to the conduct of business rules, financial promotion rules, complaint handling requirements and training and competence rules. We have also seen changes to the reporting requirements. Overall, the net change in the amount of data the FSA will collect in future represents a reduction for banks, building societies and securities firms, but investment management firms will conversely see an increase.

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