

## **Planning ahead**

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At the beginning of February, the FSA published its annual business plan, a document that is significant as it sets out the FSA's plans for the forthcoming 12 months. The report covers the prerequisites of promoting efficient, orderly and fair markets, helping retail customers achieve a fair deal and improving the FSA's capability and effectiveness.

Both Sir Callum McCarthy, the chairman, and Hector Sants, the chief executive, expressed their views on the difficult and challenging year gone and on the challenges and demands that lie ahead. Needless to say the subject of failing banks gets a mention and the adjustment of the FSA's priorities and practices that have resulted from the Northern Rock experience and the deterioration in financial markets.

However, Mr Sants appears keen to move on from last year's troubles and to be fair to him, he was extremely unfortunate to have taken up his office when he did. It was not his timing but he has been on the wrong end of a hospital pass. This year will hopefully be his year to make his mark on the future of FSA regulation. Mr Sants described this year's business plan as ambitious and with much to accomplish. The language used in the plan is much more upbeat than usual, despite the acknowledgement that the financial risk outlook envisages a much less benign economic and financial environment than we have seen for some time.

There is some tough talk about enforcement and the need to achieve credible deterrence by ensuring that potential wrongdoers believe that if they step out of line, there is a strong likelihood of being caught. There is also a dedicated section to the small firms' enhanced supervision strategy, something that was announced by Mr Sants himself, back in October. One of the priorities unique to small firms for the coming year is improving the quality and accuracy of regulatory returns. There are problems in this area and the FSA will undoubtedly take more action. One general message from the report is that small firms will become increasingly monitored by the watchful eyes of the FSA.

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