

FSA Update

4 April 2011

At the FSA last week:

- **Consumer complaints Feedback Statement published**

The FSA, Office of Fair Trading and Financial Ombudsman Service have issued Feedback Statement FS11/2: "Consumer complaints (emerging risks and mass claims): Feedback on DP10/1". The Feedback Statement sets out how they intend to strengthen their coordination on complaints handling in the financial services industry, and their response to the feedback received to last year's Discussion Paper on this topic. In light of the feedback received, the FSA, OFT and FOS have proceeded with their proposal to establish a new coordination committee to scan for emerging risks, including risks with the potential to turn into widespread problems. This replaces the wider implications process.

http://www.fsa.gov.uk/pubs/discussion/fs11_02.pdf

- **Consultation Paper issued on calculating group capital requirements**

The FSA has published Consultation Paper CP11/06: "Use of non-EEA rules in calculating group capital requirements". The Consultation Paper sets out the FSA's proposals for removing the rules permitting the use of non-EEA (European Economic Area) regulators' rules in calculating the standardised requirements of a non-EEA subsidiary, as part of its UK consolidation group capital requirements. Feedback is requested by 30 June 2011.

http://www.fsa.gov.uk/pubs/cp/cp11_06.pdf

And you may be interested to know:

- **Stock Exchange fines firm for erroneous trading**

The London Stock Exchange has fined a firm £60,000 for two instances of failing to have sufficient order management systems, procedures and controls designed to prevent the submission of erroneous orders to the trading system. The firm was fined £30,000 for each breach of the Exchange's rules. The first breach occurred during the closing auction on 6 August 2010, when the firm submitted a 'basket' of erroneously sized market orders to the trading system in 104 securities. The orders caused 21 securities to enter price monitoring and/or market order extensions. The second breach occurred 24 August 2010, when the firm submitted 378 un-priced aggressive orders to buy and sell eight order book securities. The orders resulted in 871 executions and set the daily high or low for six of the securities. Five of the securities entered automatic suspension of executions as the price movements exceeded the price monitoring threshold for the securities.

<http://www.londonstockexchange.com/traders-and-brokers/rulesregulations/change-and-updates/stock-exchange-notices/2011/n0711.pdf>

Key Issues

Consumer complaints Feedback Statement published

Consultation Paper issued on calculating group capital requirements

Stock Exchange fines firm for erroneous trading

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